

CITIZENS TRANSIT ADVISORY GROUP (CTAG)
Meeting Summary
January 18, 2011
DISCUSSION SUMMARY

Present: Tom Cox, CTAG Co-Chair
Mary Barker, CTAG Co-Chair
Henry Antshel, City of Charlotte
Robert Bischoff, Mecklenburg County
Jonathan Goldberg, City of Charlotte
Craig Lewis, Town of Davidson
George Sottilo, Town of Matthews
Todd Steiss, Town of Huntersville
Samuel Spencer, CMS
Pete Larson, Town of Mint Hill

Staff: Carolyn Flowers, John Muth, Dee Pereira, Eric Hershberger, Danny Rogers, Celia Gray,
Wanda Braswell

Meeting time 7:30 a.m. – 9:00 a.m.

I. Call to Order

Tom Cox, CTAG Co-Chair called the meeting to order at 7:31 a.m.

II. Approval of December 14, 2010 meeting summary

The meeting summary was approved as written.

III. Information Items

A. CATS Financial Policies

Eric Hershberger

Mr. Hershberger gave a brief presentation on the proposed revisions to CATS financial policies. Per MTC's guidelines, the financial policies are reviewed every three years. The proposed changes will be presented to MTC on January 26 with approval to occur in the February meeting.

The purpose of the financial policies is to provide a framework for the management of CATS financial resources, to help maintain confidence with the taxpayers, and provide guidelines to maintain dollar amount levels in specific categories. Auditors frequently review the financial policies to make sure CATS is in compliance with local government.

The financial policies performance objectives are the operating ratio (measure the amount of revenue generated by service), the revenue generated by service (fare revenue, service agreements, advertising, etc.), the operating balance months (shows number of months the system can continue to operate), National Transit Database (passenger per hour are split between bus,

minimum of 24, and rail, minimum of 90), and the Cost Growth. The passengers per hour and cost growth are used to compare with other transit agencies. Administrative overhead is the cost of support of the direct service and cannot be higher than 15 percent of the transit service delivery cost. The Capital Investment level makes sure that at least 20 percent of the sales tax is being spent on the capital programs. The Net Debt Service Coverage ratio is a determinant of CATS financial strength and is used in CATS long range planning. The fund balance is maintaining \$100 million at all times and is critical for the City to have a triple A credit rating.

The key proposed amendments are additions to be considered for the financial policies due to the economic changes experienced in the past several years. CATS would like to include Public Private Partnership (P3) and several governmental programs, i.e. TIFIA, RRIF, changing the fare increase base from \$.10 to \$.25 and compliance with the National Transit Database.

Discussion

Mr. Bischoff asked about the increase in the fare base and how this increase compares with other transit agencies. Mr. Hershberger said the comparison is shown on a benchmark sheet and it will be available at the CTAG's February meeting. Ms. Flowers said that last year 86 percent of the transit agencies raised their fares substantially but most agencies did not have other forms of revenue to maintain their current operations. The financial plan put forth does have moderate fare increases so that CATS can sustain operations and move the capital programs forward.

Mr. Antshel asked if the benchmark projections were CATS figures or if they reflected a national trend. Mr. Hershberger said that the figures are CATS but are based on some of the national figures. Mr. Antshel asked for an explanation of the Net Debt Service Ratio Coverage. Mr. Hershberger said that it is the Operating Balance (Operating Revenue less the Operating Expenses) divided by a particular year's Debt Services. Ms. Pereira said the Net Debt Service Ratio coverage is filed with the local county commission and the 1.15 percent is based on actual documentation.

Ms. Barker said that if she remembers correctly when fares were discussed in the past, that CATS was one of the lowest fares in the country. Mr. Kinard said that when CATS is compared with other transit systems of comparable size, bus and rail, CATS typically is the same or slightly lower in fare charges.

Mr. Cox asked what would happen to the transit system and the financial policies if gas prices increased to the predicted \$5.00 to \$6.00 per gallon. Mr. Hershberger said the policies include flexibility in the event that should happen and that MTC can approve a fare increase in odd years. Ms. Flowers said that gas prices are closely monitored and CATS is continuously looking for buying consortiums because purchasing gas is one of the major costs of doing business.

Mr. Larson asked about the length of a buying consortium contract. Ms. Flowers said that the gas prices are locked for six months which is typically the length of any contract. Mr. Cox asked what would happen if there was a decline in rail ridership. Mr. Hershberger and Ms. Flowers said that if a decline occurred, CATS would research for cause(s) and reduce the frequency of service.

IV. Action Items

A. Recommendations to MTC for BLE

Ms. Flowers said any recommendations made by CTAG will be presented to MTC on Wednesday, January 26. University City Partners wrote an op-ed that appeared in the Business Journal on Friday, January 14 in support of the Blue Line Extension recommendations. Mary Newsome, an editor with The Charlotte Observer wrote an opinion article that was in support of CATS proposed recommendations. CATS January 10 public meeting was cancelled due to inclement weather. The presentation will be given to the City Council on Monday, January 24. CATS has a level of support from the City Manager's office and Transportation & Planning to provide Northeast Corridor Improvements (NECI) funds to restore a level of changes back into the North Tryon Street alignment.

Mr. Cox listed the points of the December 14 meeting: 1) by 2025 CATS would become an unsustainable system and the need to make some long term planning decisions that affect the growth of the system while maintaining operation of the current system to keep the funding, 2) cost of construction would be escalated to a 4 percent rate, 3) CATS would not intentional grow the bus system at this time. Ms. Pereira clarified that the bus system would be expanded but at a .03 average rate. Mr. Cox asked Mr. Muth to discuss the guiding principles used by the team to reduce the construction cost for the Blue Line by \$2 million.

Mr. Muth said the guiding principles used by the team included the project schedule and what impact any changes would have on the project particularly if more design or more environmental studies were required and if items removed from the plan could be easily added later i.e. parking, additional vehicles to meet capacity. The team wanted to make sure there was consistency between the corridors and travel markets, make sure current service to riders is preserve, consider environmental justice issues as potential stations are evaluated for possible elimination, maintain safety and reliability, goal of reduction of operation and maintenance cost by six to seven percent, and implementation of lessons learned from the South Corridor's Blue Line, i.e. capacity issues, protecting safety item, grade separations.

Mr. Antshel asked if any thought was given to funding and revenue sources, i.e. the parking garage development partnership and parking fees at the end of the line. Ms. Flowers said that part of CATS future financial planning includes these items. CATS has received approval for advertising on the buses and will have other recommendations in the near future. CATS have met with three consultants about options available for generating revenue and the need to formulate a framework that shows the projected revenue, types of contracts needed for the period of performance. CATS realizes that other forms of revenue are required to sustain operations.

Mr. Cox added that Red Line was discussed and how to move it forward given the financial situation. It was encouraging to learn the Red Line could possibly be incorporated with the highway projects. Mr. Cox asked CTAG for their thoughts and recommendations for the MTC.

Mr. Lewis said one concern of the Blue Line is so much financing and support has gone into the project and now only a portion of the line can be built with no room for advances or changes. Because of the Blue Line Extension, there will be no increases in bus services. Buses are the backbone to the transit system. The Northeast Corridor Line is a mess; there is not a lot of transit support development between Charlotte and the University area. Mr. Lewis said another concern

is the discussion of putting the North Corridor on the back burner and that it is the corridor that can prove CATS is a regional system. CATS could lose Federal support to other regional systems. Mr. Lewis said the plan needs to be a better balance; some capacity to expand the bus system.

Mr. Larson asked if the Silver Line was being shelved. The Silver Line would service Matthews and Mint Hill, affecting the citizens of Union county. Mr. Larson requested the terminology to say it is still in the planning stage. Ms. Flowers commented that the press said that it was being shelved. Friday, January 14, the Urban Land Institute (ULI) presented a study with some significant programs for the Silver Line Corridor. In February or March, CATS will present the options to MTC. Ms. Flowers said that the Silver Line corridor is in the financial plan but is an unfunded project. Mr. Bischoff asked what weight does CATS place on the recommendations of ULI. Ms. Flowers said CATS provided only input for the study and ULI has given no specific recommendations.

Mr. Cox said that his recommendation is to enhance and enlarge the current transit system in preparation of the energy crisis that is coming within the next five years.

Mr. Cox said that we have the equal focus recommendation from Mr. Lewis; the balancing of buses and trains from Mr. Lewis; the Silver Line from Mr. Larson. Mr. Antshel said the focus should be on the projects that could produce revenue within the near future so a return on the investment can be seen.

Ms. Flowers said there have been no commitments or agreements from the State or Norfolk Southern concerning the Red Line.

Mr. Cox said that higher gas prices are going to create demand for mass transit. Base upon that high probability, CTAG would like to suggest to the MTC to review the mix of the Blue Line Extension, the Red Line and the bus system to examine the reality of balancing investment between all of the transit system. Mr. Cox said if gas becomes \$6.00 per gallon is there enough capacity to handle an increase in ridership. Ms. Flowers said CATS averages 24 passengers and the capacity is 40 per seat plus standing capacity. Mr. Spencer said the recommendation should include these two components:

- Have a plan going forth that CATS have the most buy-in to communities so that no one feels slighted.
- Need to have a recommendation that clearly considers the interest of all transit riders, present and potential transit riders.

Mr. Spencer asked about TSAC and their stand on the issue. Ms. Flowers said they voted to endorse the recommendation. Mr. Steiss commented that the corridors were begun ten years ago and because of the economic situation, the plans had to be scaled back. Mr. Steiss asked if 25 percent of the local share can be shifted to the Red Line project. Mr. Flowers said that would be a policy decision. If the money is moved from the Blue Line Extension to the Red Line, the BLE would be sacrificed totally.

Mr. Cox said that an alternative to shifting the funds from the Blue Line Extension to the Red Line would be to move the completion date of the Blue Line further out. Ms. Flowers said that

consideration must be given to the cost of the project increasing with lengthening the project period.

Mr. Spencer said that if the BLE is stopped, students could pay higher tuition fees and parking fees and the adults seeking secondary education will lose access to surrounding educational institutions, i.e. UNC-Charlotte and Central Piedmont Community College (CPCC).

Mr. Larson said Mint Hill has a proposed land use plan that coordinates with the land use in Charlotte. Mint Hill has been left out of the system. The Mayor and Town Manager have proposed a Park and Ride at each of the four interchanges with a minimum of two buses that would travel Independence. The citizens of Mint Hill want to be unleashed from the single driver vehicle and to be tied into the mass transit.

Motion:

Mr. Lewis a motion. "Given concerns about (dramatically) rising gas prices and regional equity, CTAG cannot support the recommended plans for the Blue Line Extension unless we create a viable plan for getting the Red Line moving in a reasonable timeframe, have capacity to expand the bus system (in response to significant demand created by rising gas prices), and continue development of the regional system."

The motion was second by Ms. Barker. Passed 9 to 1.

Mr. Bischoff said he disagreed because the Blue Line is important with the potential of greater ridership and greater benefit to the larger community and that the Blue Line needs to move forward. As the discussion continued, Mr. Bischoff agreed with the motion.

Ms. Barker supports the motion and believes that CTAG needs to think regional and that the people in the extreme southeast cannot be isolated from the rest of the county. She said that it is a good policy, and that CTAG is being proactive.

Mr. Steiss said that he agreed with the heart of what Mr. Lewis said. Mr. Steiss said that he would like to see a solution where CTAG's motion can actually happen.

Ms. Barker asked to call for question.

V. Chief Executive Officer's Report

Carolyn Flowers

A. Ridership Update

CATS preliminary budget will be presented on Wednesday, January 26 to MTC. It is the foundation of the financial plan. CATS began the year with less than budgeted amounts in the sales tax revenue. The first three months were at 2004 levels. November 2010 was close to budget. The December 2010 and January 2011 sales tax revenue are still being researched. CATS has taken steps to modify expenses for the current year should the sales tax receipts levels not be met. CATS will be presenting to MTC a balanced budget but will have some assumptions included with the presentation that will be presented to CTAG.

B. Public Hearings

CATS had two January public hearing scheduled, but due to inclement weather the Monday, January 10 public hearing was cancelled. The Oasis Shriner Center's meeting originally

scheduled for Tuesday, January 11 was moved to Wednesday, January 12. Forty members of the public attended and gave their general support for the proposed recommendations of modification to the Blue Line Extension.

Ms. Barker said that in the 2011 dates listed, the August meeting should read August 16 and not August 19.

Mr. Spencer asked about CTAG representation at the MTC January meeting. Ms. Flowers and Mr. Cox said an official statement concerning Mr. Lewis's motion will be presented at MTC's January 26 meeting.

V. Adjourn

The meeting was adjourned at 9:15 a.m.

NEXT CTAG MEETING: TUESDAY, FEBRUARY 15, 7:30 A.M.