

METROPOLITAN TRANSIT COMMISSION
Meeting Summary
April 22, 2009

DISCUSSION SUMMARY

Presiding: Mayor Patrick McCrory (Charlotte)

Present: Curt Walton (Charlotte City Manager)
Jerry Fox (CTAG Co-chair)
Commissioner Jennifer Roberts (Chair, Mecklenburg County Commission)
Harry Jones (Mecklenburg County Manager)
Mayor Jeff Tarte (Cornelius)
Anthony Roberts (Cornelius Town Manager)
Mayor John Woods (Davidson)
Leamon Brice (Davidson Town Manager)
Mayor Jill Swain (Huntersville)
Greg Ferguson (Huntersville Town Manager)
Ralph Messera (Matthews)
Brian Welch (Mint Hill Town Manager)
Paul Edmunds (TSAC Chair)

Chief Executive Officer: Keith Parker

I. Call to Order

The regular meeting of the Metropolitan Transit Commission was called to order at 5:35 pm by MTC's Chairperson, Mayor Patrick McCrory. Mayor McCrory asked the members of the MTC to introduce themselves for the public.

II. Review of Meeting Summary

The Meeting Summary of March 25, 2009 was approved as written.

III. Transit Services Advisory Committee Chairman's Report

Paul Edmunds

Paul Edmunds reported that TSAC met on April 9. The meeting discussed TSAC bylaws. Current TSAC bylaws don't conform to Charlotte bylaws for committees. John Joye, CATS Senior Assistant City Attorney, is researching the issue, and will report back to TSAC in June. After that, TSAC will work to determine whether a new set of bylaws is needed. TSAC also discussed the proposed CATS smoking policy. TSAC voted unanimously on two motions: 1) endorsement of the prohibition of smoking at the Charlotte Transportation Center (CTC) Bus Bay and at enclosed bus shelters; and 2) a ban on smoking at light rail platforms, an extension of what was discussed at the MTC meeting last month. TSAC also discussed upcoming service changes. The changes are designed to save CATS money with minimal impact on the public. CATS is planning public meetings to talk to the public and discuss the changes.

Discussion: Mayor John Woods reminded MTC members that tonight was Mr. Edmunds' last meeting with the MTC. He is resigning from TSAC after representing the Town of Davidson on TSAC for nine years, six of which he served as Chair. Mayor McCrory expressed his appreciation for Paul's service and leadership in getting public support for transit. Mayor McCrory said that

there are almost no complaints on bus service anymore and attributed the complaint reduction to the work Mr. Edmunds and TSAC has done to get direct feedback from the riders. Mr. Edmunds made sure CATS provided customer service on everything. Mayor McCrory said that Mr. Edmunds has been a great public servant, and he will miss him a great deal. Mr. Parker joined Mayor McCrory in expressing appreciation to Mr. Edmunds. Mr. Parker commented that TSAC keeps CATS staff on their toes by asking good questions and not simply rubber-stamping decisions. They work well together, and TSAC's level of sophistication is impressive. Mayor McCrory said that because of TSAC's handling of issues, the MTC's meetings are easier. MTC members gave Mr. Edmunds a standing ovation to show their appreciation. Mayor McCrory noted that it is a measure of the high esteem in which Mr. Edmunds is held that CATS staff also stood. Mr. Edmunds expressed his appreciation for the kind words. He said that the support TSAC and CTAG have received from MTC and CATS has made them the effective organizations that they are today. Mr. Edmunds said that he appreciates the opportunity to let the voice of the public be heard.

IV. Citizens Transit Advisory Group Chairman's Report Jerry Fox

Mr. Fox reported that CTAG held its monthly meeting last Tuesday and endorsed two sets of recommendations. CTAG endorsed the operating budget that will be presented tonight and approved the five-year capital budget that CATS staff will present tonight. In addition, CTAG voted, not unanimously, to recommend that the MTC ban smoking in enclosed bus shelters and at the CTC Bus Bay. CTAG also supported petitioning the State Legislature to give CATS and other transit authorities the additional authority to consider banning smoking in other places.

V. Public Comment on Agenda Items

None.

VI. Action Items

a. FY 2010 Transit Operating Program and FY2010-2014 CIP Dymphna Pereira

Dee Pereira, CATS Division Manager of Finance, said that there have been significant changes in the CATS budget since budget discussion started. Changes in the FY09 budget include an operating income reduction of \$12 million. Operating expense has been reduced by \$9.7 million and the Operating Balance has reduced by \$2.3 million. Fare revenue has increased in the past few months. CATS estimates that fare revenue will be \$1.68 million higher than originally budgeted. However, Ms. Pereira said that CATS is projecting a decrease of almost \$12 million in sales tax revenue versus the FY2009 budget. CATS had projected in January that the sales tax would be about 6 percent below the amount received in 2008. CATS currently projects that the sales tax revenue will be almost 10 percent less than projected. The State Maintenance Assistance Program reduction has been smaller than anticipated, and there are other miscellaneous reductions in income. CATS has worked hard to reduce costs this year. Currently, CATS has frozen 36 positions in the CATS budget, while the bus operations contractor has reduced 22 positions. CATS has realized savings in the area of fuel cost and service reductions. CATS anticipates saving approximately \$90,000 from the unpaid holiday on Memorial Day for CATS staff not working that holiday. Other expense reductions total \$1.4 million. The capital budget program has also been reduced by \$3.7 million. CATS anticipates that FY09 Federal appropriations will move forward soon. We are also receiving slower reimbursements from the State. Debt service cost went down by \$1.4 million, as we have redeemed the final installment of the Federal share for the debt for the South Corridor. CATS appropriated less money for rapid transit projects than originally projected. FY10 operating income is projected to be \$132.9 million. CATS had

originally projected FY10 operating income to be \$138 million. The sales tax for FY10 is projected to be two percent below the FY09 year-end estimate. CATS is making a \$10 million contingency draw from the fund balance, a portion of which will be used as contingency against unusual income circumstances. For FY10, CATS expects an expense of \$110.9 million. Factors associated with the expense are an assumption of no merit increase for City and contract employees and a reduction of 90,000 service hours for FY10 vs. FY09 budget. CATS will retain 337 authorized positions; however, 36 of those positions will remain frozen in FY10. The state of the economy will determine whether to start filling those positions again the following year. The bus operations contractor will reduce their position count by about 35 positions in FY10 vs. FY09 budget. The only significant increases in the FY10 budget are for insurance and inventory, to build a reserve. CATS estimates an operating budget contingency of \$3.6 million.

Ms. Pereira reminded the MTC members that CATS anticipates a sales tax gap of \$269 million for the next 10-year period. ~~Ms. Pereira showed a graph depicting the 2006 System Plan estimate of sales tax revenue, contrasted with the change of actual and current projected sales tax growth.~~ CATS estimates that sales tax will begin growing again in 2011, but there is still a gap of \$269 million. Ms. Pereira said the gap almost equals CATS' share of one and a half rapid transit projects. Capital income is projected to be \$101.7 million for FY10. CATS will be doing catch-up with allocations from FY09 grant funds that have not as yet been appropriated and for which CATS was not able to apply. CATS also programmed in \$20.8 million from the ARRA program. We anticipate applying for our FY10 regular grants on schedule. The operating balance, the amount contributed from the sales tax to the capital program, is currently projected for FY10 to be about half what had been projected in the 2030 Plan.

Projected expenditure for the five-year CIP is projected to be \$306.2 million. CATS plans to replace about 88 buses and over 100 STS buses. CATS also programmed \$37.4 million for transit facilities. This is primarily for the renovation of the North Davidson bus garage, which is expected to come from ARRA funds. The rest of the money is for park and ride lots with some funds included for asset maintenance and the overall corridor system plan. CATS has \$20.7 million from the ARRA program allocated for the North Davidson bus garage. Those funds are programmed in FY10 because they will be received then. CATS is also in the process of applying for a TIGGER (Transit Investment for Greenhouse Gas and Energy Reduction) grant. CATS has programmed no funds in the budget for this grant, as it is a nationally-competitive grant. CATS plans to apply for hybrid buses, and possibly energy-efficient HVAC systems, through this grant. CATS also will compete for other national grants and programs, such as the alternative fuel pilot program and an NC Division of Air Quality program.

Ms. Pereira stated that this budget is in compliance with CATS financial policies. CATS has a strong debt service coverage ratio for FY10, and the gross is well within ranges. The capital investment level is in accordance with policies. Ms. Pereira asked the MTC take action on the budget and to direct the CATS CEO to forward the budget to the Charlotte City Council for their approval.

Discussion: Mayor Swain thanked Ms. Pereira for a succinct, professional presentation that included a lot of information. Commissioner Roberts asked about the sales tax revenue reduction. Ms. Pereira replied that in the current fiscal year, CATS is down about \$12 million

which is 10 percent below the actual amount received in 2008. CATS estimates a further reduction of two percent for next year, FY10. CATS had a small increase in fare revenue, but the \$12 million reduction was solely the reduction in sales tax revenue. Revenue reduction is tracking at about 8.5 percent right now, so the 10 percent estimate is reasonable.

Mr. Parker mentioned that he wanted to discuss a program that occupies a very small part of the overall budget. A recent news article about the Charlotte Trolley mentioned that it is a \$170,000 yearly expense that was spared any budget cuts. Mr. Parker pointed out that Charlotte Trolley has been cut about 80 percent from its original service, with its hours cut dramatically since inception. If we shut down the Trolley today, CATS' incremental savings would be about \$61,000, as some fixed costs would remain. The trolley, like all our services, is always up for review. The next time for review is the fall service change. If the Trolley is not doing well, we may turn it into a seasonal service, and retain the Trolley in our array of services that way. Commissioner Roberts asked if the current budget was based on current sales tax revenue. Ms. Pereira affirmed that was correct. Commissioner Roberts questioned how any option for additional sales tax would work into this resolution. Mr. Parker encouraged the MTC members to move forward on this item. If additional revenue sources materialize, CATS can adjust the budget. Mr. Parker said that even if additional revenue sources materialized and were on ballot, by the time they would start coming in, they would not have significant impact on this budget, so he would still recommend that the MTC approve this budget.

Mayor McCrory pointed out that Mecklenburg County is exempt from current legislation on creating additional transit revenue. Mayor Woods said that he thought we should discuss additional transit revenue in a focused manner, so all the county could pull together in a focused referendum. Commissioner Roberts observed that it would have to be a county referendum. Mayor McCrory said that the law passed today exempts Mecklenburg County, and Mecklenburg County was not part of that dialogue. Mayor Woods said that, particularly with the other presentations on the agenda tonight, we may want to look at that as another source of funding as a county. Mayor McCrory said he would be happy to put it on a future MTC agenda, but the mayors may have to go back to their cities and talk with their bodies. However, time is short. There is a division as to whether the money should be spent on transit, or on roads or schools, or on one line over another line. Mr. Parker thanked Ms. Pereira and her staff for doing a good job in putting together a lot of information that changed from month to month.

Resolution: Commissioner Roberts motioned to approve the FY10 transit operating program and five-year CIP. Mayor Swain seconded the motion. It was unanimously approved.

b. LYNX Purple Line Locally Preferred Alternative and Design Update

Mr. Parker said that CATS has decided to discuss both the North Corridor and Northeast Corridor together. Debra Campbell, Director, Charlotte-Mecklenburg Planning Department, will address why we should invest in these types of projects. Mr. Parker said that there are no surprises in the presentations tonight. CATS wants to send a solid signal to our partners in the State and Federal governments about our ability to build out our 2030 System Plan and our transit system.

Ms. Campbell explained that Charlotte has developed our land planning strategy along a framework of centers, corridors and wedges to transform ourselves from a very low-density, sprawling, single-use community into a mixed-use or compact development core. This concept was adopted in 1994. It has formed the basis of our transit and land use strategy. The land use benefits gained with transit help redirect growth to other areas, encourage higher density in appropriate locations, and encourage mixed-used development, as well as offering more lifestyle choices. People think about transit in terms of mobility, but it also helps a community achieve its development and land use goals, promotes economic development, reduces single occupancy vehicle trips, and provides environmental benefits by encouraging more compact development, which helps us preserve open space. Station area development on the South Corridor includes 45 projects totaling over \$247 million to date, including 100 affordable housing units. Over 1,500 residential units have been built or are under construction. There have been a lot of collaborative efforts and initiatives, like rezoning land, and the Charlotte City Council approving the South Corridor Infrastructure Program to provide infrastructure to connect neighborhoods and businesses to the station areas to enhance access to the areas. It has been a holistic approach, resulting in people coming from around the country to learn how Charlotte developed this approach. Ms. Campbell concluded that by using lessons learned from the South Corridor, we are developing transit land use programs for Northeast and North Corridors.

John Muth, CATS Deputy Director of Development, reviewed the 2030 System Plan, approved in November 2006, which approved moving the Purple Line and the Blue Line Extension (BLE) into the next phase of design. The corridor projects experienced about a year delay during the transit tax repeal effort, but CATS resumed planning work when the repeal was defeated in November 2007. Mr. Muth said that CATS took the Purple Line through Preliminary and Final Design for several elements; the BLE is currently in the Preliminary Engineering (PE) phase of development. Mr. Muth called a cost estimate a “snapshot” at a given point in time in a project. Projects have several cost estimate milestones; at 65 percent, the Federal Transit Administration (FTA) would lock in the amount of their participation for the project. The project scope, construction cost trends, inflation, and various other factors can change as an agency moves from one stage of design to the next. Typically, a project will have higher contingencies at earlier levels of design stages to account for unknowns. As a project advances, those contingency amounts can be cut back as more detailed design is developed.

The project schedule determines amount of inflation and hence the final project cost; for planning purposes, the FTA supports a 3.25 percent annual inflation rate. The City of Charlotte prefers to use a more conservative 5 percent annual inflation, or escalation, rate on capital projects. Mayor McCrory asked about the initial price estimate for the South Corridor. Mr. Muth confirmed that the original South Corridor estimate in 1998 was based on current 1998 dollars, uninflated. These current estimates use 2009 dollars, and include inflation adjustments. Mayor Woods asked if cost estimates tonight included parking lots and land, and Mr. Muth confirmed that they do.

Mr. Muth informed the MTC members that CATS authorized an independent review of the cost estimate documents. City departments have also reviewed the design elements and cost estimate. A thorough review concluded that all major cost categories and reasonable risks have been included for both the Purple Line and the BLE. The teams have project risk logs and mitigation plans to manage risk elements that might affect the project costs or

schedule. Mr. Muth advised the MTC that the FTA has allowed CATS to make assumptions for ridership for sizing of parking lots and operations planning; there is still work to do with the model. We have recently performed onboard surveys on the light rail and buses to give us up-to-date ridership characteristics. The actual Blue Line experience has been ridership higher than projected. Mr. Muth reminded MTC members that the first-year estimate had been 9,100 daily trips, while the actual ridership was over 14,000, with several months in the 16,000-17,000 range. The 2025 estimate was 18,000 daily trips, and we have had several days where we have exceeded that. The latest ridership estimates for 2030 are much larger than the 2006 estimates. This has had a significant impact on the projects.

Mr. Parker pointed out that part of tonight's packet for MTC members gives facts about the projects, including how CATS arrived at the current cost estimates. MTC members will be asked many questions on costs; CATS hopes these packets will help provide those answers.

David Carol, CATS Senior Project Manager, opened his presentation on the Purple Line by thanking staff of the four towns for working together and putting together a lot of work for the project, saying their help is appreciated. Mr. Carol gave a project overview of the Purple Line, a 25-mile commuter rail project using existing Norfolk-Southern right of way (ROW) from Uptown Charlotte to its northern terminus in Mt Mourne at the Lowe's Headquarters. The plan, as presented in 2006, was two-phased in an effort to save money and get a quicker implementation of a more affordable service. The 2006 plan included one-way service at inception and two-way service, requiring signalization and passing sidings, at a later date as ridership grew. Together, the two project phases were estimated to cost \$378 million at time of completion. However, the mayors and towns desired two-way service from the onset, as an economic stimulus for Transit Oriented Development (TOD) along the route and for Lowe's and each of the towns' downtown areas. CATS' current proposal is for the Purple Line to be a single-phase project, providing a reverse commute from the beginning, providing higher capacity for greater ridership and enhancing economic development. Recombining the two project phases ~~these~~ adds about \$40-50 million to the 2006 cost estimate for the cost for the sidings, additional parking facilities, and rail line signalization. In addition, when cost estimates were prepared in 2006, CATS used a 3 percent inflation rate recommended by the FTA at that time. However, between 2006 and 2008, inflation totaled 25 percent and even more for some construction materials. That extra inflation plus the cost of combining the two projects has increased the project cost. The base 2009 cost in current dollars, is \$358 million to implement two-way service between Charlotte and Mt Mourne. The actual project cost will depend on the implementation date and underlying inflation. If CATS started today, the line could be complete by the end of 2011, at a cost between \$368 million (at 3.25 percent escalation) and \$375 million (5 percent escalation). If we delay implementation awaiting improved funding scenarios, a delay of four years results in increased costs. The primary risk for this project is its implementation date. Every year adds another 3-5 percent increase in costs.

Mr. Carol reviewed the basis for the updated Purple Line cost estimate. Track and crossing upgrade plans are currently 90 percent complete; stations are about 30 percent complete. The option price received for rail coaches and locomotives will be good for about another three years. Property cost was developed in 2009. As an example of the issue inflation has posed, when CATS costed the project in 2006, we assumed \$6,500 per parking space for 1,900 parking spaces. We are currently using \$10,000 per parking space for surface parking and \$18,000 per space for deck parking. Parking space costs have risen dramatically over

the last several years, as costs for concrete, steel, and property have risen. Property in Uptown Charlotte was \$35 per foot in 2005; in February, it was \$83 per foot. Some upgrades in the project were not included in the 2006 estimate, such as positive train control mandated by Congress in 2008 after a serious train accident. CATS has added site enhancements at the vehicle inspection facility, increased security and communications costs and increased insurance costs based on our experience on the South Corridor. Because of two-way traffic on the line, CATS has also added a parking deck at Mt Mourne on the assumption that costs north of Davidson will be entirely funded by Mooresville. Mr. Carol concluded that the Purple Line Locally Preferred Alternative (LPA) action items include the terminus at Mt Mourne, ten stations, realignment at Hambright to accommodate TOD, two-way service from inception, and Charlotte Gateway Station as the preferred site for the Maintenance Facility. Mr. Carol also suggested as an action item that the MTC to direct CATS to seek all available federal funding for the project. Discretionary Grants through the Federal stimulus bill will be available in the summer of 2009. If the Yadkin River Bridge replacement is not funded through this program, CATS would like to position the Purple Line for funding. If the MTC directs, CATS will also explore any changes in the New Starts program that may benefit projects like the Purple Line.

Discussion:

Mayor McCrory asked whether property costs have gone down with the current economy. Mr. Carol said that the City has not seen a reduction in property costs, as few properties are selling. Construction materials have gone down. To account for reduced construction materials in the cost estimates, CATS estimates no inflation for construction materials for 2009. In 2010, CATS estimates that prices will again begin rising slowly after leveling off for a few years.

c. LYNX Blue Line Extension Locally Preferred Alternative and Design Update

Danny Rogers, CATS Senior Project Manager, thanked the MTC members for the opportunity to talk about the BLE, the line that goes from Uptown Charlotte through the University area to I-485. Mr. Rogers told MTC members that he wanted to frame what is involved in the cost estimate and why the number is larger than previous estimates. Mr. Rogers said that the biggest reason the estimate is larger is that the success of the South Corridor has forced CATS to revise scope. The FTA governs what transit agencies can do with ridership estimates. CATS had to use a ridership model on the South Corridor that did not reflect the attractiveness of riding a train, resulting in low numbers. Since the South Corridor has experienced great ridership, the FTA agrees that the ridership model needs to be adjusted. The current ridership estimate is more than double the original estimate. This means that CATS will need accommodations for 3-car trains, longer platforms, greater system capacity, more grade separations, and more vehicles. CATS cost estimate going into PE called for 12 more vehicles; now CATS is considering up to 26 additional vehicles. The line will also require more parking. The end of the line parking deck went from 1,200 spaces to over 2,000 spaces. CATS has also worked to achieve more coordination with our partners, the railroads, the North Carolina Department of Transportation (NCDOT), and UNC Charlotte. We have made adjustments to make sure our plans coordinate with their plans. The biggest adjustment is understanding the impact of the rail line involved, which carries 55-60 trains a day, the largest volume of freight movement in NC. In addition, the High Speed Rail that received significant funding in the stimulus package goes through this corridor, so we will have to work with NCDOT Rail on that.

Mr. Rogers quoted a base cost estimate of \$928 million to open in 2016. The cost estimate was \$741 million at the end of Conceptual Engineering (CE) in 2006. The difference between the numbers is that when CATS finished CE in 2006, CATS assumed the project would be completed in 2013. CATS also assumed 3 percent inflation per FTA guidelines, which was too low (the actual rate from 2006 to 2008 was around 25%), and the project scope has expanded since 2006. The base cost replicates the South Corridor line and assumes 2-car trains, a 3.25 percent escalation rate, grade separations into and out of North Tryon St, a bridge over WT Harris Blvd, and other grade separations. It also assumes that we minimize our cross-section for North Tryon St, to reduce our ROW cost. CATS proposes some important enhancements to the project. These enhancements, which are not included in the base cost, include North Tryon St roadway and pedestrian amenities, some of which would be required if this were a roadway project; providing platforms and systems for 3-car trains; purchasing 6 additional vehicles; and using a 5 percent escalation rate rather than 3.25 percent escalation. The total including the proposed enhancements is \$1.12 billion. CATS thinks the FTA will allow us to purchase 6 additional vehicles for this project. The enhanced project is still in the range to be competitive in FTA cost-effectiveness criteria. This will be a good opportunity to leverage additional federal and state funds for an enhanced project.

Mr. Rogers informed the MTC members that the BLE team brought in a peer panel of experts from around the country to review the 15 percent level PE plans. The peer review panel proposed a number of suggestions. The suggestion they emphasized the most is that a system cannot have enough capacity. The panel recommended that CATS build 3-car platforms and obtain as many vehicles as possible through the federal and state funding processes. This gives us even more reason to pursue some of the proposed enhancements.

There are several items that may affect cost as CATS goes to 30 percent. The first item is providing hospital access. The grade separation over Harris Blvd is large and takes a long distance to get up and over the road. To keep the intersection open at Harris and JM Keynes Dr, which is currently CMC-University's emergency access, CATS would have to bring the bridge down at a 6 percent grade. CATS is concerned that rate of decline would not allow a train to stop safely if a car were stopped in the intersection, presenting an accident potential. Currently, CATS recommends that intersection be closed, which the hospital does not regard as optimal. Mr. Rogers said that CATS is working with the hospital to see if there is a way to develop a safe transit system and keep that emergency entrance open. Currently, CATS assumes we will close that entrance and relocate it. Another item that may affect cost in the next phase is a proposal by NCDOT Rail for intercity passenger high speed rail service. The proposal, the Charlotte Rail Improvement and Safety Project (CRISP), will move our alignment on the east side of the NCRR alignment. The BLE was originally planned for the east side, but moved to the west side of the NCRR alignment after a request from NCDOT Rail, and the current 15 percent plans were designed for the west side. Moving back to the east and re-working some of the plans will result in a 5-7 month delay in the schedule.

Mr. Rogers reminded MTC members that he had spoken with them in January about the Locally Preferred Alignment for the BLE. CATS has made a few adjustments to the CE Locally Preferred Alternative. CATS has added a second station in the UNC Charlotte area and has combined the City Blvd and Ken Hoffman Stations into one station at McCullough Dr, which results in a cost saving. In addition, CATS had talked about moving to the west side of 36th

St. Following the move to the east side of the NCR alignment to accommodate the CRISP proposal, CATS now plans to remain on the east side of the NCR alignment at 36th St to be consistent. Mr. Rogers reminded MTC members that they had selected the NCR alignment in January.

Discussion:

Mr. Parker directed the MTC members to a sheet in their packet to help explain the many acronyms in tonight's presentation. Mayor Woods asked about the range for cost effectiveness. Mr. Rogers gave the ceiling for the FTA's medium range as \$24.49 per budget hour. This project's cost is in the \$22 per budget hour range, including the enhancements, which puts us solidly in the medium range for FTA's cost effectiveness scale. CATS' ridership model is an interim model, which the FTA has authorized for the purpose of sizing the system and planning purposes. CATS will use the data to create a model update to calibrate a new model. Mayor McCrory pointed out that on the South Corridor rail line, CATS barely made the FTA cost effectiveness standards, which were lesser standards than those used now. Mayor McCrory noted that if CATS meets the Federal formula criteria, the Federal government will meet 50 percent of the \$928 million base figure. Mayor Woods said that the issue is ridership. The reason the South Corridor figure was so tight was because the ridership model predicted a low number. CATS' chances of receiving Federal funding are significantly increased since the new model, based on South Corridor actual ridership, shows much higher ridership than originally projected for the BLE. Mayor Swain commented that the FTA's model has not changed, just CATS' numbers. Mr. Rogers pointed out that only agencies with an existing line can make adjustments to the FTA's model ridership number.

Mr. Rogers said the ROW acquisition cost was about \$110 million. Anthony Roberts asked how property acquisition would work if people do not want to sell and properties move to condemnation. Mr. Parker said that all CATS actions take place through the City of Charlotte, so any property actions would occur through the City. Mr. Rogers said that all estimates are based on when CATS thinks we will spend the money. CATS anticipates making property acquisitions for ROW in 2011, so the ROW acquisitions are based on 2011 dollars. CATS has also included a 40 percent contingency to cover the administrative costs of condemnation, with an additional contingency of 40 percent on top of that. So CATS feels that the real estate numbers are very reasonable.

Mr. Parker said that it makes a lot of sense to plan the system including the enhancements. The Federal and State governments will match 75 percent of the cost of the enhancements. If we wait until the project is complete and then need 6 additional vehicles, we will have to bear the entire \$32 million cost locally. CATS will continue to monitor where we are in the Federal cost effectiveness process.

Mayor McCrory asked if we can get the Federal government to help with some of the money required for the grade separations and CRISP. Mr. Rogers confirmed that CATS has various plans for how to mitigate impacts and pursue funding for various parts of the project, including CRISP and the Sugar Creek Rd grade separation. Mayor Tarte asked about the cost associated with CRISP. Mr. Rogers replied that we are working on the cost impact to the project now. It may have a positive effect, as CRISP removes two grade separations, but it makes crossing the NCR track more complicated, and it causes a delay on our project. We are currently looking at a mid- to late-2016 start if everything goes well.

Mr. Messera asked whether the cost estimate for the Purple Line includes grade separations downtown. Mr. Carol replied that it does not. The CRISP proposal is advancing, the State is acquiring property and the Federal government is advancing funding, so the cost estimate assumes that someone else will pick up the cost of those grade separations. Mayor Tarte asked when the discussion would be on MTC's recommendation on the sequence of the transit lines. Mr. Parker said CATS did not plan to discuss the sequence tonight.

Mayor Woods said he would like to recommend that CATS change the name of the Purple Line to the Red Line, and would support changing the name of the BLE to the Green Line. Mayor McCrory said he could make it an amendment. Commissioner Roberts said that she would accept the amendment. Mr. Parker commented that express and local bus routes are coded with the colors red and green. It is simpler to keep those colors for bus lines only, and falls in line with our branding to keep the colors separate. However, Mr. Parker stated that he did not think customers would confuse a train with a bus. Commissioner Roberts recommended moving forward with both lines, and changing the colors for the transit lines. Mr. Parker asked for MTC approval to direct staff to investigate the ramifications of changing the line colors. After discussion, Mayor McCrory agreed to put a motion on next month's calendar about changing line colors.

Mr. Parker commented that there will be another decision point in FY11. Currently, there is no funding in the five-year CIP for the Purple Line. CATS has recently allocated about \$25 million in Federal funds for the BLE, triggering an automatic 25 percent match from the State. CATS has already spent our share of the matching funds, \$12.7 million. So we can continue to 30 percent essentially without spending any additional local funds. Mayor McCrory noted that based on the assessment presented tonight, the Federal funds are more favorable for the BLE than they were for the South Corridor at this stage of the development process. Mayor Tarte pointed out that we do not have an idea of the order for building the lines at this point. He stated that the Northeast Corridor will cost more from local funds than the North Corridor, and it is a shorter line. Mayor McCrory anticipated MTC votes at every threshold. The important factor for the Northeast Corridor is that if it did not meet that Federal threshold for funding, we would not be proceeding today. Mayor McCrory noted that one of the things we stressed with voters is that this line meets the Federal threshold. With the opportunity cost and TOD, the North Corridor has the opportunity to be ready sooner, and will generate an additional \$5 billion in economic development. It will take a decade longer for the Northeast Corridor economic development to occur.

Mayor Swain commented that we needed to be very aware of the Yadkin River Bridge situation. She did not think we can make assumptions on partnering with NCDOT at this point, or guarantee NCDOT assistance on some of the roads we plan to change. Mayor McCrory agreed, saying that we need to start lobbying now to be the second placeholder after the Yadkin River Bridge. No one knows if the Yadkin River Bridge will qualify for funding. Mr. Messera said that there will be a lot of lobbying on what line would be chosen, but he felt that more work was needed on the Northeast Corridor.

Mr. Parker said that CATS wanted permission to move to the 30 percent level for the Northeast Corridor. CATS would then return to the MTC next spring at the 30 percent decision point. Mr. Parker commented that CATS had previously said that we would not know if we had a project until we got to the 15 percent level, and that if the numbers did not add up at 15 percent with high enough ridership and costs low enough to qualify for the

Federal match, CATS would not recommend proceeding further. CATS is asking tonight for permission to go to the 30 percent level of planning for the Blue Line Extension. If CATS does not have numbers for the Federal match at the 30 percent level, Mr. Parker said that he will recommend terminating the project at that point. CATS is looking for good checkpoints to come back to the MTC and ask for permission to proceed if appropriate.

Mayor McCrory pointed out that we do not know what the financial situation will be at the next decision point, but he thought we should send a very positive message to the Federal delegation that has fought successfully for the money to fund this level of design that we strongly support it. Mayor McCrory said that we need to thank former Senator Elizabeth Dole for supporting this project. Senator Kay Hagan will support us, as has Senator Richard Burr, and our Congressional delegation has been extremely helpful. We need to send a strong signal that there is local consensus, and this is that step. We also need to send a signal that we are serious about the North line, which is critical. We still have some areas to work out for funding, including the possibility of using Federal stimulus funds.

Resolution: Mr. Parker reviewed the actions proposed: for the North Corridor commuter rail line, that the MTC adopt and accept as information the updated cost estimate, adopt the recommended LPA, and direct staff to seek all available financing options as recommended by staff. Mayor Swain motioned to accept the staff's recommendation; Mayor Woods seconded the motion.

For the Northeast Corridor, Mr. Parker reviewed the actions proposed: for the MTC to accept as information the updated 15 percent cost estimate, adopt the LPA recommended by staff, and direct staff to work to advance PE to the 30 percent level. Commissioner Roberts motioned to accept the staff's recommendation; the motion was seconded. Both motions were unanimously approved.

d. Smoking Regulations at CATS Facilities

Mr. Parker said that CATS was tasked to do two things: to bring back for vote the item that CATS act under current legislation to regulate smoking in CATS facilities, and to present additional items for the MTC's consideration. Mr. Joye recommended acting on the second action item in the agenda first, which is to support CATS banning smoking at CATS enclosed bus shelters and at the CTC Bus Bay; and then to consider the remaining action item to adopt the resolution supporting the ability of local government to regulate smoking. Mr. Joye stated that the only new information is that both TSAC and CTAG have received the information on regulating smoking at CATS facilities and the proposed resolution to support the ability of local government to regulate smoking. Both committees acted to support banning smoking at CTC Bus Bay and enclosed shelters and the ability of local government to regulate smoking.

Discussion:

None.

Resolution: Mayor Swain moved to adopt the resolution supporting the ability of local government to regulate smoking. In addition, she moved to support banning smoking at CATS enclosed bus shelters and at the CTC Bus Bay. Several members seconded the motions, which were unanimously approved.

VII. Information Items

None.

VIII. Chief Executive Officer's Report

Keith Parker

Under the CEO's report, Mr. Parker discussed the following:

a. Town Hall Day

Olaf Kinard, CATS Director of Marketing and Communications, reminded MTC members that they had previously signed the proclamation. May 6 is Town Hall Day, and the proclamation will be presented to the House of Representatives, NC Senate and the NCDOT. Mr. Kinard reviewed the tentative agenda, which includes a news conference, a meeting with House leadership, presentation of the proclamation to the House, and meetings with the NCDOT Board of Transportation and the NC Senate. CATS will send out information packets next week when dates, times and locations are finalized.

Discussion:

Mayor McCrory asked Mayor Swain to develop a written political strategy with the MTC's lobbyist to lobby for stimulus funds. Mayor Swain accepted the charge.

Leamon Brice asked if it would be appropriate to address Representative Carney's bill tonight. Mayor McCrory said that he still needed to speak with the Charlotte City Council, and a public meeting may need to be held. Commissioner Roberts will bring to the County Commission the idea that we should have the option that other communities have. Mayor Swain commented that it should be discussed in the towns.

b. Monthly Budget Update

Mr. Parker referred MTC members to the monthly budget update in their packet.

c. Pilot Advertising Program

Mr. Parker informed MTC members that he has received an unsolicited proposal to put advertising on a select number of buses for an upcoming event. He asked for the MTC's approval to move forward on investigating the potential of a pilot advertising program. Mr. Parker stressed that this would be structured as a pilot program and was not intended to change MTC bylaws. He indicated that he did not know at this time whether the proposal has merit. Because of the timing of the event, Mr. Parker asked for the flexibility to investigate further.

Discussion:

Mayor Swain asked if this would set a precedent. It may be difficult to turn down other groups if we accepted this proposal. Mr. Joye said that could not have a pilot program every few months. However, if this is a pilot program, a single market test, that would be acceptable. This instance is for a specific time period with a single vendor who has approached CATS. CATS staff will need to identify quantifiable factors, including costs associated with the advertising, and report back to the MTC about the financial viability of bus wraps. MTC board members were concerned about advertising, as CATS had recently advised against advertising in and on buses. Mr. Joye said it makes sense to look at the market now to see if this is a viable resource generator, since CATS has not looked at advertising revenue in almost ten years. Mr. Parker added that the financial revenue would need to be significant to make the project worthwhile, but he did not want to reject the idea of a pilot program without bringing it to the MTC first.

Mayor Tarte wanted to know what had changed since the presentation that showed that potential advertising revenue would add less than one percent to the operating budget. Mr. Parker said two things have changed. First, the previous presentation represented CATS' best estimates, while a pilot project would reflect actual dollars of net benefit. Mr. Parker admitted that CATS does not know if the actual numbers will be significantly greater than CATS' recent projections. A second factor is that CATS told MTC members that CATS would continue to explore opportunities. Mr. Parker asked for the MTC members' approval to pursue the opportunity to see if it was a viable revenue generator. There is a time limitation to the request, so the vendor would need an answer too quickly for the matter to be brought back to the MTC for vote. There was discussion whether the brand of the buses without advertising was more important than revenue. Mr. Kinard pointed out that the program would involve only three to eight buses, and would not impact the entire fleet. Commissioner Roberts spoke in favor of the program if, in this market, it would provide the revenue to save jobs. MTC members desired to have input prior to the decision. As the MTC members' schedules are tight, Mr. Parker agreed to convene a special meeting of the Town Managers, if appropriate, to discuss the proposal with them. Mr. Parker will e-mail his recommendation to the MTC members prior to meeting with the managers. With their approval, CATS will move forward if the idea seems favorable.

Resolution: Commissioner Roberts motioned to authorize Mr. Parker to pursue the opportunity. The motion was seconded and passed unanimously.

IX. Other Business

None.

X. Public Comment

None.

XI. Adjourn

The meeting was adjourned at 7:50 pm by Mayor McCrory.

NEXT MTC MEETING: WEDNESDAY, MAY 27, 2009, 5:30 PM