

METROPOLITAN TRANSIT COMMISSION

MEETING SUMMARY

February 23, 2011

Presiding: Mayor John Woods (Davidson)

Present: James Schumacher (Charlotte Assistant City Manager)
Mary Barker (CTAG Co-chair)
Terry Lansdell (TSAC Vice Chair)
Bobbie Shields (Mecklenburg Assistant County Manager)
Jennifer Roberts (Chairman, Mecklenburg County Commission)
John Collett (NCDOT Representative)
Anthony Roberts (Cornelius Town Manager)
Leamon Brice (Davidson Town Manager)
Mayor Jill Swain (Huntersville)
Greg Ferguson (Huntersville Town Manager)
Ralph Messera (Matthews)
Bill Thunberg (Mooresville Representative)
Brian Welch (Mint Hill Town Manager)

Chief Executive Officer: Carolyn Flowers

I. Call to Order

The regular meeting of the Metropolitan Transit Commission was called to order at 5:35pm by MTC's Vice Chair, Mayor John Woods. Mayor Foxx was traveling and unable to attend.

II. Review of Meeting Summary

The meeting summary of January 26, 2011 was approved as written.

III. Transit Services Advisory Committee (TSAC) Chair's Report

Terry Lansdell

TSAC met on February 10 with a member-driven agenda. Members received information on the CATS vanpool program, which has 72 active vanpools, fewer than at the height of the last gas price hikes. There is a strong correlation between gas price and active vanpools. Members also heard a presentation on the budget and CATS fuel program, and its impact on bus operations.

IV. Citizens Transit Advisory Group (CTAG) Chair's Report

Mary Barker

CTAG met on February 15. Members heard a review of CATS mid-year financial report. Members discussed their concerns about the price of gasoline and its budgetary impact. Even though the budget has been reduced by \$5.1 million, CTAG remains concerned about the risk of fuel price increases on the budget. CATS will implement cost efficiencies in the STS budget. Members also discussed health care costs described in the budget.

V. Red Line Task Force Update

John Woods

Mayor Woods reported that the Red Line Task Force met at 4:00pm today and discussed financing options with a preference toward the Public-Private Partnership (P3) model discussed

previously. Members also discussed the work plan for task force partners. A contract with an NCDOT-related consultant to assist the task force is in the final stages. NCDOT's interest in developing a commuter rail corridor is a benefit to the task force.

VI. Public Comments

None.

VII. Action Items

a. Financial Policies

Dymphna Pereira

Ms. Pereira, CATS Chief Financial Officer, said that the action today, Resolution number 2011-02, is for MTC to approve recommended changes in CATS financial policies. At MTC's January 2011 meeting, staff provided information and recommended key changes to the Financial Policies which included utilizing additional financial tools to fund CATS programs, changing the level of routine fare increase which occurs every two years to ensure that riders pay a reasonable share of the cost of the service, and aligning CATS reporting requirements to be in accordance with National Transit Database reporting requirements. With this action, the MTC will also approve a change in the fare increase section of the CATS Fare Policies policy, to be compatible with the Financial Policies.

Discussion: Mr. Messera asked about the change in the amount of the routine fare increase. Ms. Pereira noted that the last increase was \$0.25 for local fares. She clarified the current policy, and said the issue is that riders pay their fair share of the service. Mr. Messera said that he does not have a problem with the change. Ms. Pereira said that when MTC approves annual budgets, they can change the amount of a proposed fare increase. Ms. Flowers pointed out that any fare increase requires a public hearing.

Resolution: Mr. Messera motioned to approve the policy. Mayor Swain seconded the motion. The MTC voted unanimously to adopt the changes in the Financial Policies.

VIII. Information Items

a. FY2012-13 Transit Operating Program

Dymphna Pereira

Ms. Pereira presented an overview of the Transit Operating Program for the next fiscal year. She highlighted Direct, Direct Support and Overhead costs included in the proposed FY2012-13 Operating Budget. She advised MTC that CATS had met and in some cases exceeded financial performance goals in the proposed Operating Budgets. The proposed operating budgets reflect a minimal level of operating growth. CATS will increase revenue by reducing sales discount levels. Next year will also be the first full year for the exterior advertising revenue program. CATS will make program changes to Special Transportation Service (STS) to align resources with ADA requirements, and will eliminate funding for the DSS taxicab service. In addition, CATS will transfer three positions to other City departments.

Olaf Kinard, CATS Director of Marketing & Communications, discussed the proposed five percent reduction in the sales discount level for non-profits and the Employee Transportation Coordinator (ETC) Program. A public hearing will be held on this proposed change at the March MTC meeting. CATS has a Request for Proposals (RFP) in process for the exterior advertisement program, which is estimated to generate \$600,000 in additional revenue in FY2012. CATS will present the RFP to City Council in April or May. Customer service call volume has increased yearly, but CATS has reduced the cost per call of agent-

assisted calls, so the cost per call has gone down. Mr. Kinard reviewed the typical types of calls agents handle. As CATS advances into mobile apps, we anticipate seeing reduced call volumes, or a reduction in the growth rate of calls to a live person. Every customer complaint is logged into the system and followed up as part of the process.

Larry Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, said that the greatest challenge for bus operations is managing ridership demand under a limited growth plan. Bus ridership increased 2 percent this year, when growth was planned to be flat. The system has capacity to respond to increased ridership. In the past, park and ride space was an issue in times of higher gas prices. CATS has increased park and ride spaces and so is better equipped to handle higher park and ride ridership. Mr. Kopf reviewed grants that CATS has applied for to help respond to ridership demand. CATS is also investigating public-private partnerships such as the recent extension of the Gold Rush funded by Johnson C. Smith University and Central Piedmont Community College. CATS has begun negotiations with bus drivers, whose contract is up at the end of this fiscal year, through McDonald Transit. CATS worked with the Teamsters to develop a health care plan to keep costs level for next year when the current provider proposed a 30 percent increase. Fuel is a major part of the budget. The price of gas fluctuates considerably. CATS buys a percent of its fuel on both the futures and spot markets. CATS has a future contract through June for fuel at \$2.32 per gallon. The futures fuel market offers fuel at a premium compared to current prices.

Mr. Kopf discussed STS planning for FY2012 and how CATS is working to improve service efficiency. Call-ahead service to alert customers that CATS is on the way will hopefully speed up the process. CATS is reviewing the possibility of moving the recertification schedule from the current 3-year cycle to a 4-year cycle to reduce costs. STS will relocate to the North Davidson facility after renovations are complete.

Rocco Paiano, CATS General Manager Rail Operations, reviewed the Rail Operations Division. Rail Operations plans to begin an overhaul program for all light rail vehicles, which are approaching about 200,000 miles each, so they will last for the expected 30-year life span. CATS is committed to operations safety. Rail Operations has had only one preventable accident in over 2.5 million miles. Mr. Paiano reviewed the steps CATS is taking to ensure that the system continues to be safe and to maintain the skills of the workforce. CATS is also taking steps to ensure that we have the tools necessary to expand rail service and be ready for operations on the Blue Line Extension. Key rail cost drivers include personnel services, insurance, cost of electricity to drive the rail and parts.

John Trunk, CATS Assistant Director of Transit Support Services, reviewed the composition of the CATS Safety and Security force, security staffing for special events, and surveillance systems used. The Facilities Support Services group supports all CATS facilities, properties and passenger amenities. Most of the work is outsourced to private vendors or other city departments such as landscape services. Snow and ice removal was a particular challenge this year. Utilities helped with the transition to LED lighting at the I-485 station.

Discussion: Mr. Coxe asked whether CATS anticipates that companies and non-profits will reduce service as a result of the sales discount level change. Mr. Kinard replied that non-profits will probably continue to provide service at the same discount. Mr. Lansdell asked if

the graph shows any impact for mobile apps. Mr. Kinard said that it does not because we are still in the early stages, but we do see interaction with customers using the iPhone app. Blackberry and Droid apps should be out in March. Development for the new app has been faster than for the first app. Clients can already use Google Maps as a Trip Planner.

Commissioner Roberts complimented CATS on the extended Gold Rush service. Mr. Kopf said the only complaint he has received is that it is too crowded. Mr. Messera asked for a map of the areas outside ADA requirements. Mr. Kopf said that he would provide that. Mr. Collett asked whether the increased fare revenue in the last gas price spike offset higher fuel costs. Mr. Kopf replied that the last time gas prices were high, increased fare revenue did not cover increased fuel costs. Commissioner Roberts asked about vanpools outside the county. Mr. Kopf responded that a large number of vanpools travel outside the county. Mr. Coxe asked about vanpool capacity, and Mr. Kopf said that CATS has the capacity to expand this low-cost service. Vanpool fare recovery is higher than for buses since CATS does not hire drivers for vanpools.

Mr. Messera complimented Facilities, saying there was a problem with a bus stop in Matthews, and their response was swift. Ms. Flowers confirmed that CATS staff had resolved that problem. Mr. Messera asked how trash was collected at bus stops; Mr. Trunk said he would find out and report back. Commissioner Roberts asked about economies of scale in consolidating services. Mr. Trunk said Facilities works with E&PM and has moved staff into CMGC from outside space since space in this building was less expensive.

b. Rules and Regulations Policy

Larry Kopf

Mr. Kopf reviewed the Transit Rules and Regulations Policy, which is due for its regular three-year review. Proposed changes include incorporating Paid Fare Zones into the policy, updating the language to match language in city ordinances, encourage no smoking at facilities through signage, and language to cover the use of digital or other audio devices.

Discussion: Mr. Lansdell stated that he felt the no-smoking policy at the Charlotte Transportation Center was a benefit to riders. He asked about the no eating or drinking policy on the bus and train. Mr. Kopf said there is a no-open-container policy for alcohol. In terms of general eating or drinking on vehicles, the policy addresses passenger behavior while on the vehicle. Food and drink can be carried on the vehicle to be consumed later.

IX. Chief Executive Officer's Report

Carolyn Flowers

Under the CEO's report, Ms. Flowers discussed the following:

- a. Ridership:** Inclement weather caused a decrease in ridership on a number of days in January. Some express lines were impacted significantly, but overall ridership was reduced only about 1 percent. System ridership is up 1 percent over the prior year despite a fare increase, a good indicator that CATS will have strong ridership growth in this economy.
- b. Capital Budget:** The Capital Budget is on next month's MTC agenda. There are a number of uncertainties involved, based on the uncertain political and economic environment. CATS will project revenues for areas for which we already have commitments and grants, and will wait for commitments from funding partners before putting anticipatory funds in the budget.

- c. **Project Delivery Method:** CATS staff recently held a workshop to discuss the project delivery method for the Blue Line Extension (BLE) and how to contain project costs in the future. The consultant hired to analyze the BLE project determined that there are no major cost reduction benefits to changing the project delivery method because the project planning phase is so advanced. However, the analysis gives a good sense of how to proceed for future projects.
- d. **Exterior Advertisements:** CATS is proceeding with plans to advertise on the exterior of buses and light rail vehicles. MTC members were shown an example of an ad CATS will display on buses to introduce businesses to the new advertising opportunity.
- e. **Rapid Transit Update:** CATS staff met with officials to encourage including the Blue Line Extension and Red Line Commuter Rail projects in federal and state budgets. MTC's representative from the NC Board of Transportation, John Collett, has arranged a meeting between MTC members and NCDOT officials on March 8 to discuss the Red Line project. Ms. Flowers will notify MTC members of the meeting details.
- f. **Democratic National Convention (DNC):** Planning for the DNC will comprise a major work effort for staff over the next 18 months, including budget issues for a Memorandum of Understanding (MOU) to recover costs for additional services CATS will provide for the DNC. There are three areas that will be subjects for major reimbursement – reconfiguration of arena for the convention and back to its original configuration, security, and transportation. Mr. Schumacher added that the local organizing committee will handle the arena's reconfiguration and return to original condition. CATS and other city departments met with DNC organizers last week. CATS will seek full recovery for convention service costs.
- g. **Risk of Rising Fuel Prices:** MTC members have questioned the impact of rising fuel prices on CATS' budget. For every ten cent increase CATS pays in fuel costs, CATS' costs increase by \$330,000 per year. Farebox recovery through increased ridership does not cover the full cost of the fuel increase. If gasoline prices reach \$4.00/gallon, CATS may have to examine service reductions. CATS is working to minimize the impact of increases in fuel prices, but CATS has already reduced expenses drastically. Hard choices may become necessary.

Discussion: Mr. Messera said that the price of fuel should lead to ridership increases. Ms. Flowers replied that cutting back service is the last resort to cut costs. CATS is examining headway changes and other ways to monitor and control costs, including joining fuel buying consortiums. Since so many cutbacks have been made, reducing service may be necessary to control costs. Commissioner Roberts asked about the possibility of using biodiesel fuels. Carbon traps on buses preclude the use of biofuels. Commissioner Roberts said it may be worth looking into in the future.

X. **Other Business**

John Woods

None.

XI. **Adjourn**

The meeting was adjourned at 6:50pm by Mayor Woods.

NEXT MTC MEETING: WEDNESDAY, MARCH 23, 2011, 5:30PM