

METROPOLITAN TRANSIT COMMISSION

MEETING SUMMARY

March 11, 2015

Presiding: Mayor Dan Clodfelter (Charlotte)

Present:

Trevor Fuller (Chairman, Mecklenburg County Commission)

Debra Campbell (Charlotte Assistant City Manager)

Scott Jernigan (TSAC Vice Chair)

Rob Watson (CTAG Co-Chair)

Dena Diorio (Mecklenburg County Manager)

Mayor John Woods (Davidson)

Greg Ferguson (Huntersville Town Manager)

Mayor Jim Taylor (Matthews)

Ralph Messera (Matthews)

Mayor Jack Edwards (Pineville)

Interim Chief Executive Officer: John Muth

NOTE: Due to inclement weather, the February MTC meeting was rescheduled from February 25, 2015 to March 11, 2015.

I. Call to Order

The rescheduled meeting of the Metropolitan Transit Commission was called to order at 5:30 p.m. by MTC's Chairman, Mayor Clodfelter.

II. Review of Meeting Summary

The meeting summary of November 19, 2014 was approved as written.

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

Scott Jernigan

Mr. Jernigan reported that TSAC met on February 12, 2015 and received a presentation on CityLYNX Gold Line. Committee members had no concerns about the study. Staff provided an update on the real-time app that will be rolled out soon. Staff also provided a printout of bus routes and asked each committee member to verify that the automated sound system worked and announcements are in sync with bus stops. TSAC changes include a board member who resigned his position shortly after his appointment. Mr. Jernigan said that he was nominated to the Chair position following the expiration of Mr. Sanderson's term.

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

Rob Watson

Mr. Watson reported that CTAG met in January. Topics included a budget overview and a discussion on a survey that CTAG has created and distributed through social media. They have received 355 responses in ten days and hope to give feedback on the data at the March or April meeting on services, long term transportation plans and funding sources.

V. Transit Funding Working Group Update

No report.

VI. Public Comments

Christopher McMillan said that he is a legally blind resident of Charlotte Mecklenburg. He spoke on three things. First, he asked for MTC's continued support and effort to expand service to the University area where he lives. There are 1500 homes in the growing area where he lives off

Rocky River Road but under Federal ADA requirements, he is unable to use the STS system. He also asked the committee to take the title "Interim" from the CEO and said that John Muth should be CEO. Third, he said that he was appreciative of the city's effort to support the LYNX Blue Line Extension (BLE).

VII. Action Items

a. Selection of MTC Vice Chair:

MTC

Mayor Woods accepted the nomination for MTC Vice Chair.

Discussion: None.

Resolution: Greg Ferguson motioned to nominate Mayor Woods as MTC's Vice Chair; Mayor Taylor seconded the motion, which passed unanimously.

b. CATS CEO Recruitment Process

Cheryl Brown

Ms. Brown, Human Resources Director for the City of Charlotte, discussed the process to fill the CATS Chief Executive Officer (CEO) position. In a competitive process, Krauthamer & Associates (K&A) was selected from three top transit recruitment companies to coordinate the CATS CEO recruitment process. The Interlocal Agreement for MTC requires that the chief transit official be an employee of the City of Charlotte, appointed by the Charlotte City Manager with the concurrence of the Mecklenburg County Manager and the MTC representative who will be elected tonight. K&A has over 40 years of transit-focused experience with over 1,000 successful recruitments in this area. They have worked with the City before as well as filling transit positions nationwide.

Gregg Moser, K&A's Principal for this recruitment, said that he has been with K&A for over ten years and looks forward to a successful CEO search. K&A has developed a strategy and timeline for this recruitment, and has also drafted a job description and advertisement for the position. K&A will meet with groups from the City, CATS, the community and employees to refine the job description and advertisement. K&A will target candidates directly to narrow a broad candidate pool to a short list. Candidates will participate in an assessment program and complete a series of interviews, reference validation and a formal background check. This will be a confidential process to attract the best candidates. Efforts will be made for an inclusive candidate slate, aiming for diversity in all regards, not just transit agencies and cities of varying sizes, but also different ethnic, religious and gender backgrounds. The stakeholder meetings will take place over the next two to three weeks, followed by a targeted recruitment process of about six weeks and two to three weeks for the interview process. The hope is to have the person come on board sometime around July.

Discussion: Mayor Clodfelter asked if the person would be required to have rail experience. Mr. Moser replied that rail was important from a standpoint of understanding capital and funding issues, as well as working with FTA and appropriations. Mayor Clodfelter said he was hearing that it was important, but not required. Mr. Moser replied that it was up to Charlotte to determine whether it was critical. Mayor Clodfelter said that he felt it was very important for the candidate to understand multijurisdictional structures. Mayor Woods said that he felt that multimodal system experience was very important. Ms. Campbell asked Mr. Moser to share other communities that are currently searching for a transit CEO. Mr. Moser said that seven medium- to large-sized agencies across North America are currently seeking transit CEOs. In its favor, Charlotte is a unique and attractive community; even some of the

region's challenges are attractive to transit CEOs. Salary will have to be competitive since there is competition among several agencies.

Mayor Clodfelter said that the process requires designating a representative from MTC to serve and recommended that it not be a County or City person since those managers are already involved. Mayor Taylor asked the time commitment required for this role. Ms. Brown said the time commitment would occur later in the process after the candidate pool was narrowed, as part of the interview team to sit with two to three candidates and the interview panel to make a final selection. She estimated that it would be in the late May to beginning of June time frame, about a day for interviewing and the follow-up discussion. Responding to his nomination, Mayor Woods said that it was his privilege to serve on the committee which brought Carolyn Flowers. The process was interesting. Although that time commitment did take more than a day, he accepted the nomination.

Resolution: Mr. Ferguson nominated Mayor Woods; Mayor Taylor seconded the motion. The MTC voted unanimously to appoint Mayor Woods to serve as MTC's representative to the CEO recruitment process.

- c. NCDOT Transit Demand Management (TDM) Grant Resolution** **Olaf Kinard**
Mr. Kinard, CATS Director of Marketing & Communications, said that this resolution is MTC's yearly approval for CATS to apply for the State TDM program grant that allows CATS to reach out to area employers. The State requires that MTC approve CATS' application prior to submission.

Discussion: None.

Resolution: Mayor Taylor motioned to approve CATS' application for the TDM grant; Mayor Woods seconded the motion, which passed unanimously.

- d. BLE Project Enhancements Resolution** **Kelly Goforth**
Mr. Muth said that CATS has worked with FTA since August last year to include critical items to the BLE budget. The items would be paid from projected savings on the project within the existing budget, and would not require additional budgetary funds. Mayor Clodfelter spoke with Secretary Foxx on February 19 reinforcing our desire for FTA approval and funding participation. Tonight's action item is for MTC to sign a document in support of that request. However, FTA responded on Friday, March 6, declining Federal funding participation. FTA has explained that they seek opportunities to take project savings and redistribute those savings to other projects around the country. Mr. Muth said that they may be taking a larger view, without being involved in the individual merits of the request. Mr. Muth said that staff will come back to MTC at the March 25 meeting to ask to use local funding for these items if FTA will not participate. There is an FTA meeting in Atlanta tomorrow; Mr. Muth said that if members pass the resolution tonight, it can be discussed at the FTA meeting tomorrow.

Ms. Goforth, CATS Project Development Manager, said project changes include expanding the planned North Yard facility from 5,000 square feet to 16,750 square feet to allow additional maintenance capacity including space for two light rail vehicles (LRVs) and maintenance pits; the addition of a pedestrian bridge across the North Carolina Railroad (NCR) corridor to connect to the Sugar Creek Station and to extend two pedestrian bridges

all the way across North Tryon Street, to the JW Clay Blvd./ UNC Charlotte station and to the University City Blvd. station.

The 5,000 facility at the North Yard was included in the project. Staff is proposing the additional 11,750 square feet to add maintenance capacity. A maintenance facility was included in earlier BLE designs, but was eliminated in the cost-cutting exercise in 2011. Since that time, the project has added additional vehicles with favorable pricing from Siemens. Additional analysis shows insufficient capacity at the existing South Boulevard Light Rail Facility (SBLRF) to support 42 vehicles; that study recommended additional capacity to meet BLE needs. The additional maintenance capacity at the North Yard, needed to maintain a state of good repair, will also improve operating efficiency and reduce long-term operating costs by reducing non-revenue miles to shuttle vehicles to SBLRF for maintenance from the North Yard. The estimated cost for the addition is about \$7 million; the maintenance building is scheduled for bid in May 2015.

As a result of NCDOT's project to grade-separate Sugar Creek Road over the existing rail corridor, the sidewalk route for pedestrians accessing the station has become a circuitous grade-separated roadway route of over a half-mile, increasing the risk that pedestrians will try to cross the at-grade active freight railroad tracks instead to access the station. A pedestrian bridge will provide a safer access from the North Davidson side and reduce walking distance for residents of the Howie Acres neighborhood. The project is endorsed by the North Carolina Railroad (NCRR) and NCDOT Rail Division and is estimated to cost about \$7 million.

Ms. Goforth said that staff also recommends extending pedestrian bridges across North Tryon Street at the JW Clay Parking Garage and the UCB Parking Garage to increase pedestrian safety and improve access to the median running stations. The current plan calls for pedestrian bridges that connect from the parking garage to the median station. A bridge that extends all the way across North Tryon Street will provide safer pedestrian access to the median stations and will encourage future Transit Oriented Development. FTA agrees that bridges from the parking garages are necessary, but disagrees that bridges from the station to the other side of the roadway are necessary. The extensions' estimated cost is \$2.37 million for the JW Clay Blvd. Station and \$1.47 million for the UCB Station.

Ms. Goforth discussed cost sharing options that included Federal and State, State-only or local-only participation and the impacts on contingency for these project changes, estimated to total \$17,975,000. Next steps include requesting state participating, discussing the project budget and contingency implications with FTA and recommending project changes to MTC at the March 25, 2015 meeting.

Discussion: Mayor Taylor asked whether FTA had reversed a decision in the past. Mayor Clodfelter said that he does not think it hurts to try to continue the effort; in a meeting on March 9, FTA had no objections on what we are trying to do. Mr. Muth said that when people have lobbied in the past, it has happened. FTA was not in disagreement that these elements are necessary and encouraged us to keep those elements alive if we had the local money; it was a system policy decision nation-wide and they did not feel they could grant a special exception. Mayor Clodfelter reiterated that he did not feel that it would hurt anything to submit this resolution and ask for a special exception.

Mr. Messera asked if the projects were ranked by priority. Ms. Goforth said that staff is working on the priority rankings but indicated to FTA that the maintenance facility is the top priority, Sugar Creek pedestrian bridge for safety reasons and the pedestrian bridge extensions in the lower tier; MTC members' thoughts are valued. Mr. Messera commented that pedestrians are more likely to be hit by a car on N. Tryon Street than hit by a train at Sugar Creek. There was discussion about maintenance needs for the increased light rail vehicle fleet as well as streetcar vehicle maintenance. Mayor Clodfelter said the chance of FTA changing its mind was slim, but it does not hurt to show that this body collectively supports the changes. Mr. Watson asked if there was a way to utilize safety concerns as part of the request. Mr. Muth said that overall pedestrian safety is our top priority. After the Full Funding Grant Agreement (FFGA) was awarded, the State modified the design for Sugar Creek Road to go over the track, which created the almost 0.7 mile walk for pedestrians. Commissioner Fuller asked if FTA expected certain monies back and do not want to take less back than they expected; Mr. Muth and Mayor Clodfelter concurred that was the issue. FTA wants to use money that comes back for other projects. Mr. Muth said that under the current FFGA funding, the Federal share will be reduced if we elect to pay for these improvements and FTA declines. Mr. Muth said that the utility stage has been the largest risk factor and we have come through a lot of the major risks at this point. Commissioner Fuller commented that there was no harm in asking; these are all worthwhile projects, although the maintenance yard may be a hard sell.

Resolution: Mayor Taylor motioned to support the resolution and ask again; Commissioner Fuller seconded the motion, which passed unanimously.

IX. Information Items

a. FY2016-17 Budget Overview

Dee Pereira

Mr. Muth said that the 2030 Vision Plan is advancing. The route structure is primarily radially-oriented; it is time to evaluate the system's route structure to see if we are optimally meeting residents' needs. Construction on the BLE is in progressing, we are expanding capacity on the current LYNX Blue Line through grants. Phase I of the LYNX Gold Line will open this summer; Phase II is included in the President's FY2016 Recommended Budget. Challenges include the lack of funding for future corridors in the Long Term Financial Plan. There is a LYNX Silver Line study underway; the LYNX Red Line depends on availability of Norfolk Southern's O line. The Airport corridor service also lacks funding.

The future of the long term plan involves engaging the region in planning and funding discussions, developing a comprehensive regional 2050 Plan and seeking opportunities from Federal grant programs. The Transit Funding Working Group (TFWG) has made recommendations on financial and legislative elements needed to realize the 2030 Plan.

Ms. Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, said that she would discuss the FY2016-FY2017 Operating Budget and FY2016-2020 Community Investment Plan (CIP). Ms. Pereira advised that she was presenting an overview of the proposed Operating Budgets and CIP at this meeting. Details of the programs would be presented to the MTC at their next two meetings. The budget is developed in conjunction with the CATS Financial Policies, which are approved by the MTC and coordinate with CATS' Long Term Financial Plan.

The recession of 2008-2009 impacted sales tax revenue. CATS has had to sustain service and advance the 2030 Plan with significantly reduced revenue. Budgets have been managed through implementation of innovative programs and productivity improvements. CATS' actual expenditures have been below budget since FY2010. However, the budgeted and actual lines were very close in FY2014, demonstrating that system needs were right at approved budgets. To overcome volatility in sales tax collections, MTC approved a revenue reserve fund based on a sales tax trend line for CATS. Excess of sales tax revenue over the trend line is deposited into the revenue reserve fund. Funds from the revenue reserve fund can be used to cover transit system costs when the economy is tight. In 2016, \$56.1 million will be allocated to the Operating Fund, \$16.8 million will be transferred to the Debt Service Fund and \$1.5 million will be transferred to Revenue Reserve.

Ms. Pereira provided highlights of the proposed FY2016-17 budgets and FY2016-20 CIP. She said that with the recovery of the economy, CATS is projecting long term growth of sales tax to be about 3.5 percent annually. Staff estimates a 2.2 percent increase in ridership. The original plan for long term financing for the BLE project (to cover a portion of the local share) was changed from applying for debt financing from the capital markets to applying for a loan from USDOT's Transportation Infrastructure Finance and Innovation Act (TIFIA). This will provide CATS with several financial benefits including an approximate \$10 million reduction in debt service payments. The 5-Year CIP places heavy emphasis on Asset Management in compliance with an FTA initiative for planning for a state of good repair.

In summarizing the sources of FY2016 Operating Income, Ms. Pereira that approximately 44.5 percent of the operating income comes from sales tax revenue, 24.9 percent comes from fares, 16.1 percent comes from maintenance of effort and 10.2 percent comes from operating assistance. Ms. Pereira said that we have not seen a clear pattern on sales tax since the inception in 1999. In the first seven months of this year, sales tax was about 14 percent higher than the first seven months of last year, indicating that we will bring in close to about \$73 million this year. We are beginning to see an upward trend, but are holding long term growth projections to 3.5 percent annually, which aligns with projections used by the City of Charlotte.

The majority of Operating Expenses is spent on transit services, CATS' frontline services such as bus and rail, STS and vanpool services. Streetcar service will be implemented in FY2016. The operating cost of the service will be reimbursed by the City of Charlotte. Administrative costs are much lower than required in Financial Policies. Personnel Services occupy 75 percent of the budget, and include an increase for health insurance and employee merit increases, which will be returned to the fund balance if merit increases are not approved by City Council. Merit increases for bus employees will be paid in compliance with contracts. The budget also includes increases for utilities, risk insurance, spare parts and fuel. Fuel is a key cost driver. CATS procures fuel two ways, through fixed-price contracts where CATS contracts to purchase a fixed amount of fuel at set prices and through index pricing, purchased at market prices but set through bid. CATS' index price is low compared to national retail averages for diesel fuel. CATS' risk cost is increasing by about \$500,000, primarily due to increased rail accidents nation-wide. CATS vehicle claims have been lower over the past two years, so the increase is primarily due to nationwide rail risk factors.

Budget changes include a successful bid by the Bus Operations Division to perform maintenance on STS vehicles in FY2016. CATS used the savings in maintenance costs to

trade a fleet management position for a Safety Supervisor for STS. CATS will add 35 new project-funded positions to Rail for BLE start-up and testing of new rail cars.

Ms. Pereira reviewed the debt program. Debt levels are managed through financial policies and are projected to be less than recommended by policy.

The 5-year CIP expense is \$646 million. CIP funds are programmed for construction of BLE and BLCE projects as well as Asset Maintenance. CityLYNX Gold Line Phase 2 will be in project development, with costs paid for by a Federal Small Starts grant with matching funds from the City. Asset maintenance will include vehicle replacement, rail car overhaul, maintenance of way, the Bridge Program and a Fare Collection System upgrade.

The budget will be presented to the City Council Budget Committee in April, to CTAG in March and April, to TSAC in March, at MTC for overview in March and for budget adoption at the April MTC meeting. It will be considered for City Council approval along with the City budget.

Discussion: Mr. Messera asked when the CityLYNX Gold Line positions were added. Ms. Pereira said that those positions were added this year and are being filled now. Allen Smith, CATS General Manager, Rail Operations, said that not all positions have been filled; those that have been filled are performing vehicle testing and will begin testing on the line in a few weeks. By the end of March, the rest of the new staff will be hired and can begin training. Mr. Smith said that rail staff requires extensive training in order to operate the vehicles safely. Ms. Pereira said the CityLYNX Gold Line employees are City employees on the CATS payroll; the City reimburses CATS for all costs associated with those positions.

Mayor Clodfelter asked what would happen to our trend line on sales tax if the State decides that proceeds of future growth in those collections should be redistributed statewide per capita. What does the trend line look like then? Ms. Pereira said that we would have to look at the trend line again. The principle behind it is to reserve money each year; in a bad year when sales tax does not meet projections, CATS can draw from the reserve to keep operations running. We have tried to get information from the state on how they will move forward, but are still waiting for definitive answers. Mr. Clodfelter said his question was on the hypothetical to run the numbers on if all future growth in collections from that half-cent sales tax were distributed not to Mecklenburg County but were redistributed state-wide per capita, what does that do to the trend line. Ms. Pereira said that staff can do that analysis. Mr. Messera said that if the General Assembly were to redistribute the half-cent sales tax, it could violate some debt covenants that have been entered into, which would need to be pointed out. Mr. Clodfelter said that he wanted to know the hypothetical consequences. It may be that knowing that answer helps us avoid the consequences.

b. Charlotte Gateway Station (CGS)

Tina Votaw

Ms. Votaw, CATS Transit Oriented Development Specialist, said that tonight's information item is a draft of the Municipal Agreement for CGS. This will be presented as an Action Item at the March 25 MTC meeting. In 2009, under the terms of the original Municipal Agreement, the State led all aspects of the project, which included a rail project to bring Amtrak to Center City with an adjacent building to house Amtrak, a Greyhound station, CATS buses and a streetcar connection. The agreement is now revised to reflect joint efforts by

both parties for project coordination and funding; to revise the property acquisition approach and to revise the project delivery approach including recent FTA Joint Development Guidance. CATS obtained FTA funds to pay for the bus portion of the multimodal project and for property acquisition. It has become clear that rather than the State handling the entire project, it is better to divide the project into the skill set at which each party excels. Under the proposed agreement, the State will still negotiate with Norfolk Southern and Amtrak to bring them downtown. The City excels at station area development and building the vertical station as part of the project and will take on those duties. This agreement reflects the labor division between the City and State, but still speaks of all the required joint coordination. This project will require a variety of funding sources. The City and NCDOT must work together and support each other. The State has acquired property to bring Amtrak downtown. CATS obtained Federal money to acquire the Greyhound property for the vertical station. The State agrees that CATS should acquire instead the main block from the State and they will acquire the Greyhound property, which will be used primarily for track. There may still be a need for a Public Private Partnership (P3) to design and plan the vertical buildings of CGS, so the City will take the lead on that portion of the project. Ms. Votaw reviewed current and potential funding sources for the project, which include FTA, Tiger VI and other federal and state programs, as well as P3 funding.

Discussion: Mr. Messera said that under the old agreement, the City was to help Greyhound relocate; are we deferring that to the State or do we still find a home for Greyhound? Ms. Votaw replied that it is currently with the State; they have the ability to do that and Greyhound is comfortable with that approach. Greyhound may stay in place for a while as planning and design moves forward; there is no rush to move them, but we are interested in acquiring property to be included within the project site. Mayor Woods asked about the CGS Main Block and whether it was additional to what is currently owned. Ms. Votaw replied that the State already owns the Main Block property and that is where the vertical portion of the Station facility is anticipated. Greyhound has reduced its operating requirements, which will reduce its footprint; CATS will likely reduce its bus footprint as well. Both changes may help increase usable area for development. When the City and CATS begins the planning process, we will look for as much density as possible on the Main Block. When the State went out for P3 previously, they did not account for what the track work would do to the adjacent parcels owned by the State, with the track work substantially reducing their usable size. That will put substantial emphasis on density within the Main Block.

c. Annual Route Performance Report

Larry Kopf

Mr. Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, gave the annual performance report on route monitoring. Bus routes do not operate on a fixed guideway and can be adjusted when businesses open or close along the routes. The Service Development team frequently evaluates routes based on productivity and efficiency. They ride routes frequently, interviewing passengers and employers along the routes and discuss proposed route changes at public meetings and communicate final route decisions back to the public. Performance monitoring is a management tool. Standard industry measures are passengers per hour and net cost per passenger. The average route score is 1.00; routes that score above that mark are doing better than average and routes that score below that mark are under the average. Mr. Kopf reviewed the highest and lowest scoring routes in the system. Staff also looks at routes whose scores have changed over the past year, which can happen when businesses experience layoffs or road closures force route adjustments, as

with Route 39 Eastway after the bridge closure for BLE construction. Ridership is up overall, with the largest increase being 7 percent for STS ridership. STS is mandated under ADA for citizens within ¼ mile of a bus route; this increase has left less capacity to accommodate disabled riders outside the ADA area.

Discussion: Mr. Messera asked if the capital cost of the bus was included in the score; express buses would be impacted if this was the case since the buses are only used for morning and afternoon service, and not used throughout the day like local buses. Mr. Kopf indicated that capital costs are not included in the formula.

X. Chief Executive Officer's Report

John Muth

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

a. Legislative Update:

Reauthorization of the Surface Transportation Act (MAP-21) is under discussion now in Washington. CATS participated in a roundtable on March 10, 2015 with other bus and rail agencies and Senate banking committee staff about issues agencies face and the need for reauthorization, particularly in the areas of safety, state of good repair and workforce development. The conversation was a good one and interesting.

b. Stand Up for Transportation:

Mr. Kinard said that the American Public Transportation Association has designated April 9 as "Stand Up for Transportation" Day, a day of action to highlight and advocate for reauthorization of the transportation bill. CATS is working with several regional entities to develop a plan for an activity for April 9. The event may be a media event, sometime between 10a-noon. He hopes to have more detail next week.

c. Inclement Weather Report:

Mr. Muth said that transit services were exemplary during recent inclement weather events. Rail staff operated all night ensuring that the rail lines and catenary lines stayed clear of ice and snow. Bus Operations street supervisors worked overnight to determine the detours necessary for neighborhood routes and Operators made their way through storm conditions to come to work and operate buses. Most STS trips were cancelled, but staff ensured service for essential trips that were not cancelled. Operators and safety personnel worked hard.

Discussion: Mayor Woods asked whether staff can tell what impact the proposed GROW AMERICA legislation might have since Secretary Foxx and Vice President Biden were here last month. There is a section that describes transit funding. Mr. Muth said that staff is still evaluating impacts and will return with key impacts. He will keep MTC members informed.

XI. Other Business

None

XII. Adjourn

The meeting was adjourned at 7:25 p.m. by Mayor Clodfelter.

NEXT MTC MEETING: WEDNESDAY, MARCH 25, 2015, 5:30 P.M.