

CITIZENS TRANSIT ADVISORY GROUP (CTAG)
Meeting Summary
March 16, 2010
DISCUSSION SUMMARY

Present: Tom Cox, CTAG Co-Chair
Mary Barker, Town of Cornelius
Craig Lewis, Town of Davidson
Henry Antshel, City of Charlotte
Samuel Spencer, CMS
Robert Bischoff, Mecklenburg County
Robert Zuckerman, Mecklenburg County
Jonathan P. Goldberg, City of Charlotte
George Sottilo, Town of Mint Hill

Staff: Wanda Braswell, Olaf Kinard, Larry Kopf, Eric Hershberger, John Trunk and Rocky Paiano

Meeting time 7:30 – 9:00 a.m.

I. Call to Order

Tom Cox, CTAG Co-Chair called the meeting to order at 7:30 AM.

II. Approval of January 17, 2010 meeting summary

The meeting summary was approved as written.

III. Action Items

NONE

IV. Information Items

A. Proposed FY2011 Transit Operating Budget

Eric Hershberger

Mr. Hershberger gave a presentation on the operating budget that included the financial performance objectives, APTA survey and the proposed fare increase. The financial objectives are as follows:

1. Operating Ratio - It is similar to the fare box recovery ratio but with more revenue included. It is a key piece in the financial policies.
2. Cost growth – It is the cost per service hour. By industry standards the cost growth is to be lower than the rate of inflation.
3. Administrative Overhead Cost – this cost is to be less than 15 percent. At the current time, this cost is significantly less than the 15 percent.

4. Debt Service Coverage Ratio – This ratio is a relationship between the operating balance and debt service expense and is used when discussing issues and outstanding debt. It has a direct impact on the City's credit rating. The ratio must be kept below the net \$1.15 and gross \$3.0. It is also used in projecting future debts.

Mr. Lewis asked what caused the significant drop in the capital expense from '09. Mr. Hershberger said '09 reflects the remaining payments on the Blue Line.

FY2011 operating budget highlights are:

1. Income – sales tax is projected at the '05 level of \$59.6 million and includes a \$0.25 fare increase.
2. Expenses – currently at a '07. The fuel is budgeted at \$2.35 per gallon and \$3.6 million in cost reduction, i.e. administrative, eliminating frozen positions, various public services and training programs, reducing discount offers just to name a few.

Ms. Barker asked if fuel price could be locked down. Mr. Hershberger said that 14 percent of the fuel cost is locked down at approximately \$2.25 per gallon and is being monitored by Mr. Trunk, Mr. Kopf and Mr. Hershberger.

The light rail budget was presented by Rocky Paiano, Rail Manager. For the FY2011 budget, light rail is budgeted for \$10,300,000. A major key cost driver for rail is 18 percent for general liability insurance that must be maintained because of operating alongside with Southern Mainline. The rail services offers a 36,000 service hours with a seven day a week schedule from 5:30 a.m. to 1:30 a.m., Monday thru Saturday; Sundays service from 6:30 a.m. to 12:30 a.m. In 2009, there was an additional 914 trips because of special events.

Larry Kopf presented the Bus Operations FY11 budget which is the largest budget (FY11 - \$63 million) and the only division that is manned by contracted staff through a management firm, Transit Management of Charlotte. The two major cost drivers are personnel services and fuel.

Ms. Barker asked if the increase in workman's comp was due to increase in insurance rates. Mr. Kopf said the increase in rates was part of the increase but the other part was due to claims. Operators experience a lot of on the job repetitive motion that can, over time, cause injuries. CATS is implementing several options to help educate personnel in reducing these types of injuries along with implementing light duty programs to get personnel back in the work environment earlier.

Due to the decrease in employment, ridership is down in the express and the Gold Rush service. For FY11, CATS projection is 73,000 service hours, 45,000 less service hours than last year. CATS retired eighteen buses that eliminated some of the higher maintenance buses.

Special Transportation Service is a door-to-door service mandated by law to provide transportation to disabled citizens living within $\frac{3}{4}$ of a mile of a fixed route. STS II is a service to the outlying areas and is not required by law.

Mr. Antshel asked if the same group operating the buses operates STS. Mr. Kopf said no. Mr. Antshel then asked if combining the two services has been considered. Mr. Kopf replied that STS is operated by city employees and because of the bus unions it would be difficult to combine the two into one operating service.

The Vanpool FY11 budget is \$905,228. The program began in 1980 and the fare structure is based on the route miles, fuel, and maintenance. The fare box recovery rate for the vanpool is 60 percent. The program currently has 71 vanpools with 135,898 riders through January 2010.

What is fare box recovery? Mr. Kopf said it is the percentage of service's expenses recovered from fares.

Mr. Lewis asked if the \$905,000 includes the fares. Mr. Kopf said no, it is only the operating cost.

Mr. Antshel asked who pays for the fuel. Mr. Kopf stated that CATS pays for the fuel.

A portion of the budget is allocated for the Safety and Security and the maintenance of the building and facilities.

The FY11 budget for the remaining areas are as follows:

Direct Support Service includes Revenue Management - \$1,202,792, Customer Service - \$1,647,927 and Service Planning and Special Operation - \$833,842. The Administrative and Management is 6.5 million budget for the City Support Costs, Development, Executive, Finance, Marketing, Procurement and Quality Assurance.

The travel markets and the route performances are researched before determining what routes are reduced. These reports show passengers per hour and cost. The TSAC advises CATS on services use and would provide CATS with information concerning any service reduction.

Mr. Cox asked the committee if they are aware of TSAC's role. Kopf explained that TSAC provides information and advice to CATS concerning the actual reality of the operating service. Mr. Cox asked who are the constituents in TSAC. Mr. Kopf said that the members are the people who actually use the system. Mr. Cox asked if a route needed changing, does CATS simply implement the change? Mr. Kopf said that it depends on the significance of the change; a small change could simply be changed. A significant change would require public involvement and following the guidelines of the FTA. Mr. Cox stated that there needs to be equity, a consistency of policy throughout the service area. Mr. Kopf responded that is why CATS uses the Travel Market policy with the number one market being people without transportation.

Ms. Barker asked if staff would do the investigative work during regular work hours. Mr. Kopf said that most of the work is done during regular staff time. There are outside expenses involved with the public meetings; the expense of renting meeting places and advertising the meetings but these expenses are not significant expenses when compared to reducing services.

Mr. Lewis asked about the cost per service hour. Mr. Kopf and Mr. Hershberger responded with approximately \$65.00 per hour and \$95.00 with overhead expenses.

B. Service change options

Larry Kopf

Mr. Kopf presented three alternatives for the \$0.25 proposed fare increase.

A \$.25 fare increase done in October 1, 2010 would affect the following routes and reduce service hours by 9,500.

- 12 South Blvd. shorten,
- Discontinue late trips (lower ridership),
- Village Rider Sunday,
- 25 Clanton Park Saturday.

A \$.10 fare increase on July 1, 2010 the following routes combined with the above list are affected with a service hour reduction of 22,000.

- 77X North Meck Express midday,
- 25 Clanton Park weekday service,
- 45X Carmel Road Express,
- Select Express Trips.

If there is no fare increase, the following routes along with the above two listings are affected for a total of 37,000 reduced service hours.

- 204 LaSalle Saturday,
- 20 Queens Road Saturday,
- Sunday end at 11:30 pm instead of 12:30 am,
- 60 Tyvola Road weekly,
- 21 Double Oaks Sunday.

Discussion

Ms. Barker asked if an increase in special transportation calls are expected with the shortening of the South Blvd route, excluding the senior citizen complex. Mr. Kopf stated it was possible. Other routes do go by the complex but these routes do not go where the customers want to go. Mr. Bischoff asked if the South Blvd. bus ran after the light rail stops running. Mr. Kopf stated the buses operate fewer hours than the light rail.

Mr. Bischoff questioned the monitoring of riders on trips and asked if the monitoring system showed increase in riders and could service be added. Mr. Kopf said yes, and it has been done in the past.

Ms. Barker questioned the Double Oaks route and if it was mostly people going to church. Mr. Kopf responded that the buses operate all day Sunday and that trip purposes have not been tracked on a regular basis.

Mr. Zuckerman asked if the services that do not meet minimum criteria why not make the adjustments with or without the fare increase. Mr. Kopf stated that route adjustments are made on a regular basis but the concern in this situation is the service reduction and fare increase at the same time.

Ms. Barker asked if the Village Rider, except for Sundays, would continue on the same schedule. Mr. Kopf said that though its performance is on the lower end, the Village Rider is still above the minimum requirements threshold established by the MTC.

Mr. Bischoff wanted to know if an experimental or a trial route is implemented, is it required to go through the complete series of steps mentioned earlier in the presentation. Mr. Kopf stated that he believe there was some leeway if a route was being considered as long as it was understood that it was a temporary route.

Mr. Cox wanted to know where CTAG was located within the process. Mr. Muth replied that today was the operating budget and April would be the capital budget and that CTAG could make recommendations for adoption to the MTC.

V. Chief Executive Officer's Report

A. Mobile Apps for Customers

Olaf Kinard

Mr. Kinard presentation involved the growing access of internet and online technology for use by the customers/riders to access bus and rail scheduling from personal own devices, i.e. Blackberry, i-Phone, Droid, Palm, and i-Touch. Transit agencies are beginning to place schedules and GPS information online. Customers can access this information and develop applications that are conformed to their needs.

CATS Marketing was approach by a rail customer who created an application with the rail scheduling and a GPS that would show the closest station and the next two inbound and outbound.

CATS Marketing is working with the Next Trip app that would provide scheduling information for rail and bus. The customer would get an app that show his or her location, choose a route, choose a bus stop and choose inbound or outbound. The application will generate the next couple of series of times. Other types of applications being researched include Customer Service access, Wake Me Up and Zip It. Some applications will be maintain internally while other apps will be external or internal/external.

Discussion

Mr. Sottilo asked what apps meant. Mr. Kinard said it stands for applications.

Mr. Cox asked if the rail had a 99 percent on-time rate, why people would want an application that gives the schedule. Mr. Kinard stated that people do not want to have to remember the times. Mr. Cox asked if it was only for rail. Mr. Kinard stated yes, and that CATS recently purchased the rights to the application for a cost of \$5,000.

Mr. Sottilo asked if delays would be reflected on the schedule accessed through the device. Mr. Kinard said that CATS GPS locator is not release to the public so any delays would not be reflected on the application.

Mr. Cox asked if an internal app means that CATS would develop the application. Mr. Kinard said the desire is to develop and maintain internally. An internal/external is an app that CATS wants to control internally but do not have the patent resources to do it so CATS would hire someone outside to develop the app.

Mr. Cox said that the application is fun to discuss but there is a business end to the app and used his brother as an example for coming to the bus stop 5 minutes early but missed the bus. On the other side, his brother would be on time but the bus was running late and his brother was unsure if he had missed the bus.

Mr. Goldberg expressed a concern about the expense of the apps while discussing reducing service hours to meet budget. Mr. Kinard said that the expenses of the apps should be weight against the tentative advertising potential available through the phones and the expenses involved with union labor hours for manually changing schedules at the bus stops.

CTAG Discussion

Tom Cox

Mr. Cox asked the committee who they felt CTAG was accountable to. Mr. Antshel responded he was accountable to MTC. Ms. Barker stated she represents the people. Mr. Bischoff responded the people within the city and county. Ms. Barker also added the region and the future generations. Mr. Cox asked whose point of view does CTAG represents. TSAC represents the people who actual ride the public transit system. Why is CTAG here? CTAG is the Citizen Transit Advisory Group. Mr. Cox stated that when he was on the MTC, he looked to the co-chairs to give him the point of view of their best efforts, the point of view of the citizens both current riders and the future riders. Mr. Cox stated that his responsibilities were to Mecklenburg County and the region. Mr. Zuckerman says that the group needs to look beyond the ridership. The whole transit system impacts the community whether a rider or not because of the environmental, business development issues, social and economic issues that are effected by transit.

Mr. Lewis commented that CTAG is an advisory group and does not make decisions. Mr. Lewis' view is that it is a necessary and important element in the decision making process. Mr. Lewis sees CTAG role as less political and fulfilling equal and expected obligations. Mr. Lewis further commented that it seems CTAG is given information after the MTC with no time to discuss. Mr. Antshel stated he, too, felt that there could be more discussion among the group and that prior to Mr. Cox's appointment, there was very little.

Mr. Cox would rather discuss agenda items and develop a consensus that can be taken to the board.

Ms. Barker said that part of CTAG's responsibility is to review the budget and submit the committee's recommendation prior to taking it to MTC.

Mr. Bischoff said CTAG spent a lot of time in the past on ideas for establishing a regional authority and getting surrounding counties to come on board. A lot of time has been spent discussing and working up some ideas, taken to the MTC, but nothing has happened.

Mr. Cox wanted to revisit the fare increase. The MTC is going to choose one of the options, playing off that is the service adjustments. What is CTAG recommendation? Should MTC be advised to lean more toward the fare increase?

Mr. Zuckerman responded that the question is a difficult one to answer. If the target audience for CATS is people who have no transportation options, those people would probably be hit harder by a fare increase. Mr. Zuckerman continued with his comments that if he was on the MTC, he would not want to see a fare increase or service reduction without being confident that other operating services that should be reduced are reduced.

Mr. Lewis said there is an issue of an overall cost. Only a fiscal year is being reviewed, but in businesses a review is done on a quarterly basis. Some items may need to be adjusted such as gas prices which are going back to \$3.00 a gallon. What does that mean for potential ridership in May and June? Will CATS be able to negotiate the increase? It is hard to answer the questions without more discussion.

Mr. Goldberg said he was not necessarily opposed to an increase on the fares but that so much of the discussion is being determined by what the sales tax will do and that cannot be predicted. If a fare increase is implemented, could it be tied to the sales tax performance.

Mr. Sottilo said to have the fare increase and reduction of services, but not so severely.

Ms. Barker asked if the fares can be raised and questioned when the last increase was done. Mr. Kinard responded that two years ago the fare was increased by \$.20. Ms. Barker expressed concern about placing additional burden on riders and customers who are already financially struggling. She further stated that if a vote was held now, she would vote to have the fare increase pushed to July.

Mr. Bischoff said that the fare increase needs to be done as soon as possible so that service cuts can be held to a minimum.

Mr. Spencer stated that this is not a simple linear equation. There is a need to look long and hard at the service cuts and a more substantial increase on the express fares to relieve the urban fare increase.

Mr. Bischoff asked about reviewing zone fares. Mr. Muth stated that CATS currently has a type of zone fares with the local service at one cost, the express services at a higher cost and the express plus service at an even higher cost.

B. John Muth's Comments

Mr. Muth stated that in FY09 CATS cut \$14 million from the budget and the current FY10 cut a little over \$7 million and the FY11 budget proposes a \$3.6 million in cuts along with the fare increase. Mr. Muth wanted to remind the committee that CATS is not relying only on fare increases to meet the budget.

VI. Adjourn

The meeting was adjourned at 9:12 a.m.

NEXT CTAG MEETING: TUESDAY, APRIL 20, 2010, 7:15 A.M.