

CITIZENS TRANSIT ADVISORY GROUP (CTAG)
Meeting Summary
March 20, 2012
DISCUSSION SUMMARY

Present: Mary Barker, CTAG Co.-Chair
Todd Steiss, Town of Huntersville
C. Morgan Edwards, CMS
Henry Antshel, City of Charlotte
Katherine (Kate) Payerle, City of Charlotte
Rob Watson, Mecklenburg County
Kathy Madison, Town of Cornelius
Peter Larsen, Town of Mint Hill

Staff: Carolyn Flowers, Wanda Braswell, John Trunk, Larry Kopf, David Murphy, Dee Pereira,
Olaf Kinard

Meeting time 7:30 a.m. – 9:00 a.m.

I. Call to Order

Mary Barker, CTAG Co-Chair, called the meeting to order at 7:29 a.m.

II. Approval of February 21, 2012 meeting summary

The meeting summary was approved as written.

III. FY2013 Transit Operating Budget

Dee Pereira

The principles in preparing the budget are to maintain the core system services and maintain a structurally balanced budget. CATS management applies the financial policies to the budget decisions made. The financial policies are approved by the Metropolitan Transit Commission (MTC).

The FY2013 budget overview reflects a slow recovery from the recession of the past two years, the strengthening of the core of the ADA paratransit service and to add additional bus revenue hours using federal grants received and assumes a two percent increase in ridership. Over the last six months, data shows the transit sales tax revenue has increased above the 4.5 percent shown in the budget. Because of past fluctuations, CATS prefers to stay conservative in the sales tax projection. The major change is the \$.25 fare increase. The budget includes bus operations' contracts that are due for negotiations in the coming fiscal year. The budget reflects a 5.8 percent group insurance increase. Fuel is budgeted at \$3.15 a gallon.

The operating budget is projected \$126.6 million with expenses being projected at \$106.4 million with an operating balance of \$20.2 million. The \$20.2 million is not saving but money that must be transferred to the capital budget per the financial policies.

The budget includes over 10,000 revenue service hours that are funded by federal grants.

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The budget includes additional resources for the Special Transportation Services (STS) to insure that CATS is adhering to federal mandates.

CATS restored \$300,000 funding to DSS.

The fare increase is part of the MTC policies allowing CATS to do small increase every two years. In the FY2013 budget, the CEO has recommended a \$.25 cent increase on the base fare effective July 1, 2012. All other transportation fares are adjusted to maintain the relationship with the base fare increase. A Public Hearing is scheduled for March 28 MTC meeting. The fare increase provides \$2.5 million additional funds to the operating income and funds approximately 178 revenue service hours.

Ms. Payerle asked about the fare box ration for bus and rail. Ms. Flowers said the fare box recovery is approximately 24 percent. The remaining 76 percent is subsidized by federal and state funds. The amount funded by the federal and state has been declining along with the rise in the cost of doing business. To maintain a fair level of cost distribution between CATS and its customers, fare increases are implemented. CATS is an enterprise fund. Under government accounting of an enterprises fund, the fund must match expenses to the revenue receipts. If revenue decreases, then CATS must decrease expenses which mean a reduction in services.

If the fare increase is not approved, CATS would have to decrease service by 28,000 hours to balance the budget. Over the last few years, CATS has reduced administrative costs, discretionary expenses, i.e. administrative costs, tuition reimbursement, to maintain bus service. Ms. Flowers said that reducing bus service hours is the last area CATS has for reducing expenses and balancing the budget.

Mr. Kopf presented bus operating division information. At the end of June 2012, the bus mechanics' contracts expire and CATS will enter into renegotiation of the contracts. The bus operation division consists of a collective bargaining union that is overseen by McDonald Transit Management (MTM) firm.

A challenge in the coming year budget is the management of the ridership growth within the budget. CATS is expecting a percent of growth in bus hours with the percent being related to grants submitted and obtained. The grants will fund a new Highway 51 route operating from Matthews to Pineville and the introduction of a new Independence express route that will go to Albemarle Road to Harrisburg Road.

With the increase of fuel cost, CATS expects an increase in ridership within the current budget. The countywide service plan was recently adopted by the MTC. Bus service analysis is done on a monthly basis to review the routes and see where the routes maybe strong and/or weak, so that CATS can shift resources if needed.

The budget percentage allotted for fuel costs continues to increase. CATS does forward buys (the purchasing of fuel in advance) to obtain the best price.

STS provides transportation to the disabled citizens. Service must be provided to citizens who live within $\frac{3}{4}$ of mile from a fixed bus route as mandated by federal law. CATS is recommending an increase in funding because of the additional demand for service. One of the reasons for the increase in service is DSS service changes that have caused DSS customers to apply at STS. Ms. Barker asked if there was a particular area/location had more demand than others would the use of a large van to collecting this group of disabled customers be an option. Mr. Kopf said that the routes are bundled but this is a system where the customers' origins and destinations are not coordinated.

The vanpool program is a program that uses seven passenger and 16 passenger vans and the vehicles are operated by participants of the program. The vanpool revenue recovery rate is the highest because there are no salaries or benefits involved with this program. All the riders pay a fee each month to ride the van.

Mr. Murphy discussed the light rail service which provides over 44,000 resident service hours and 850,000 service hours. A change to a 10 minute headway has allowed CATS to provide a two car train, reducing crowding on the train. The light rail has had only one preventable accident since the initial opening. Each year the rail provides additional service and support staff at the special events. At the St. Patrick Day events, the light rail transported 24,500 passengers. The Light Rail Vehicle (LRV) Overhaul Program is the overhauling of the tracks and running gear at every 400,000 miles. Ms. Flowers said that the life of a railcar is 30 years. To keep a railcar in a state of good repair, CATS needs to do the periodic maintenance. A railcar is a \$4.5 million dollar investment and a bus is \$400,000 depending on the type of bus and the bus's equipment.

The Maintenance of Way group is the employees responsible for repairing and maintaining the tracks and overhead lines. As the BLE is progressing, it is realized that a Maintenance of Way building is needed but the system is getting older requiring more maintenance and equipment repair. The construction plans are being reviewed to determine if the building will be a stand alone or connected to the existing Vehicle Maintenance building. Mr. Antshel asked if the service is being done by employees or contractors. Mr. Murphy said majority of service work is done by CATS employees. There are times when specialized repairs are required and the service is contracted to non-union companies.

A mezzanine project was recently completed, allowing the mechanics better access to the top of the vehicles to make necessary repairs or maintenance of the vehicles along with additional yard lighting and storage tracks.

Power expense has increased eight percent and is approximately \$500,000.00 per year.

Insurance is high because the LYNX runs parallel to Norfolk Southern railroad. Mr. Antshel asked if anything could be done about the cost of the risk insurance. Ms. Flowers said over the next several days CATS staff has meetings with various insurance underwriters. Class One Railroad has certain liability requirements. Norfolk Southern has a \$200 million liability cap that they are asking CATS to maintain. CATS has been trying to bring the liability amount down. The insurance is one of the driving cost factors on the BLE. The cost is what the Class One Railroad is requiring CATS to carry. On the world market, several major rail accidents that affect the industry's pool and causing insurance premiums to increase from eight to 15 percent.

Mr. Trunk said the Transit Support Service (TSS) is the internal service that supports the operating units. Within TSS, the two sections that have the most impact on the operating budget are the Facilities and Safety and Security.

The Facilities group is responsible for maintaining the leased and CATS-owned facilities and offer services such as trash collection, recycling, snow and ice removal, and is responsible for the utility and energy management program. The majority of services offered by the Facilities group are outsourced to other City departments or contractors.

The Security group totals 67 personnel of which 56 personnel are CATS contracted company police force. Safety and Security work with the Charlotte Mecklenburg Police Department and other federal authorities that have to do with overall security. The TSA has commended CATS Light Rail security for the practices implemented by CATS concerning suspicious packages. TSA plans to share CATS practices with other agencies. The Security is responsible for fare compliance on the light rail. In July 2011, nine company police officers were added specifically to patrol for and to enforce, if needed, fare compliance.

The Safety group is responsible for system wide safety of rail and bus. The group routinely conducts audits, ride checks and training. Recently, the FTA completed a North Carolina State Oversight audit. CATS and NCDOT and state of Pennsylvania are the only programs audited since 2008 that did not have a single finding.

Discussion

Mr. Antshel asked about the difference shown between the submitted and recommended columns and why the percentages changed. Ms. Pereira said the one year projected ratio submitted in FY2012 for FY2013 is reviewed when preparing the new budget and changes are made if necessary.

Ms. Payerle asked what is meant by unlinked passengers. Ms. Pereira said unlinked means every ride taken by a passenger is considered a single ride. When explained, a passenger may ride the rail to a specific location then board a bus; that is consider two rides. A passenger may be going to one destination requiring a transfer from the original bus to the destination bus; that is considered two rides.

A question was asked about the \$20.2 million being higher than the required 20 percent per financial policies and why the need for extra funds. Ms. Flowers said next year there will be BLE expenditures, i.e. Right of Way Acquisition, final design, and CATS will need to match their portion of grant funding received from the Federal government. A question was asked about how the funding shares were distributed. Ms. Flowers said the Feds is 50 percent; state is 25 percent and local is 25 percent.

Mr. Edwards asked if any of the surplus is used to pay down any debts. Ms. Pereira said yes. Mr. Watson asked what is done if sales tax revenue declined or fuel cost increased. Ms. Pereira said that the budget will reflect the changes and be adjusted by additional reduction in expenditures.

Mr. Antshel asked if the MTC policies address the capital investment. Ms. Pereira said yes.

Mr. Larsen asked about free fares. It was clarified that CATS does not offer free fares but do have discounted fares. Mr. Kinard said there are several different sets; senior discount fares, disabled discount fares, monthly and ten ride passes and volume sale discounts.

Ms. Payerle asked about LYNX ticket purchases and the perception of non-paying passengers riding. Mr. Kinard said that once a year a blitz is done to determine the percent of customers that are not purchasing tickets. The percentage of non-paying customers is 1.9 percent to 2.6 percent since the opening of the LYNX. Ms. Flowers said many passengers are using passes and do not need to stop at the TVMs giving the appearance of passengers boarding without tickets. Mr. Kinard said of the LYNX riders 32 percent have monthly passes. Ms. Payerle asked if the yearly blitz results are compiled into a report. Mr. Kinard said no.

A question was asked concerning the percentage of increase to the cost of fares for other types of transportation, i.e. express and express plus buses. Mr. Kinard said it is an average of 14.3 percent.

Are collected fines from non-payment passengers sent to the City? Mr. Kinard said no, all parking or citation fines go to the education system. Mr. Trunk said that when the LYNX began, CATS started with civil citations but were uncollectible because there were no attachments to the citations. CATS changed to state citations because they carry a \$50.00 fine and court appearance. Since using the state citation, CATS is collecting a greater percentage of fines.

Ms. Barker asked how CATS compares with other cities regarding the price of fares. Mr. Kinard said CATS researched cities (Dallas, TX, Portland, OR, Salt Lake City, UT) with transit services similar to Charlotte's transit system and have found that CATS fares are the same or less than the researched cities. If the fare increase is approved, CATS will be higher with the \$2.00 fare than Dallas, TX which remains at \$1.75.

Mr. Antshel asked why the focus is on reducing bus service when operating the rail costs three times more. Ms. Pereira said in 2009 rail service was reduced by changing from seven and half minutes headways to 10 minutes headways during rush hour.

Mr. Antshel asked if CATS has a contract with MTM yes, yet is it a bid contract. Mr. Kopf said yes that MTM is a bid three year contract with a two year option. The current contract is \$350,000 with three people from MTM and services from their corporate side. Ms. Flowers said because of the federal dollars involved, CATS must request bids from other firms. Ms. Flowers added that in North Carolina all transit systems contracts their bus services.

Ms. Payerle asked if STS has an eligibility certification process and if the certification expires. Mr. Kopf said yes. CATS have medical personnel to assist in the evaluation process. The certification is for three years.

Mr. Kopf responded to a question concerning the fare increase, 10,000 bus service hours and the 28,000 bus services. Mr. Kopf clarified that the 10,000 bus service hours are not funded by the fare increase but through a grant for a service on Pineville to highway 51. The 28,000 bus service hours reduction is needed to balance the budget if the fare increase is not approved.

Ms. Payerle asked with the fare box return for rail versus bus. Ms. Flowers said it is calculated across the board. Ms. Flower said that it is difficult to differentiate between a pass purchased for rail or bus because riders could purchase for one mode of transportation and then transfer to another form of transportation.

Mr. Larsen asked when CATS plans to go to three car trains. Mr. Murphy said once the BLE begins. CATS is trying to extend the current platforms. Ms. Flowers said the Tiger III grant was awarded in December 2011 but the grant is going to allow the upgrade of the power but only enough to up fit two of the platforms. CATS will continue to apply for grants but that CATS will probably not have funding to upfit the platforms until BLE starts. Mr. Larsen asked if all the platforms will be upfitted. Ms. Flowers said it was hopeful to have the funding for all platforms. The initial plan was to do I-485, 3rd Street and CTC so that express trains could be run for major events.

Ms. Payerle asked if the committee would see the actual budget. Ms. Pereira said at the April CTAG meeting the committee will receive the operating and capital budget. The committee received the information at the February meeting.

Mr. Antshel asked if the public hearing presentation will be the same. Ms. Flowers said the public hearing presentation will be specifically on the fare increase.

Citizens Discussion

Christopher McMillan, Charlotte citizen, complimented CATS' STS concerning their efforts to provide service based on its limited resources but was not pleased with the application process taking 45 days to complete. Mr. McMillan lives in the second largest community in Mecklenburg County and in the past month has requested service four times and was denied three times. When he is unable to obtain STS service, his wife must make arrangements to take time off from her job to take Mr. McMillan to the bus stop. Mr. McMillan asked that the committee continue to support funding for STS so that disabled citizens may have the transportation needed.

Mr. Rick Short is from Davidson, NC. He has applied for the Davidson opening on the committee.

Ms. Flowers said thank you to the citizens for their support and taking the time to come to the meeting. Ms. Flowers said that STS is important and one of the biggest challenges for CATS with the change in demographics and growth in the disabled population. Ms. Flowers emphasized that any impact on the bus service, impacts STS services because of the paratransit services ¾ mile requirement.

Ms. Barker commended the Safety division for their outstanding safety record.

Ms. Barker asked CATS staff about the possibility of arranging fall tours of the South Boulevard Maintenance, Davidson Street and South Tryon Street bus operations facilities for the committee.

Ms. Flowers mentioned the annual Bus Rodeo that will be held on Saturday, March 24 at the Driving Range at Shopton Road. Using an obstacle course, the bus operators compete against one another on driving skills. The mechanics competition is based on timed troubleshooting. The

winners of the local competition go to a regional competition and the winners from the regional are then sent to a national in Long Beach, CA.

Mr. Steiss encouraged committee members to attend the March 28 Public Hearing and MTC meeting.

IV. Adjourn

The meeting was adjourned at 9:03 a. m.

NEXT CTAG MEETING: APRIL 17, 2012, 7:30 A.M.