

METROPOLITAN TRANSIT COMMISSION
Meeting Summary
September 22, 2010

DISCUSSION SUMMARY

Presiding: Jennifer Roberts (Chairman, Mecklenburg County Commission)

Present: Curt Walton (Charlotte City Manager)
Terry Lansdell (TSAC Acting Chair)
Harry Jones (Mecklenburg County Manager)
John Collett (NCDOT Representative)
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)
Mike Rose (Pineville Town Administrator)
Bill Thunberg (Mooresville)

Chief Executive Officer: Carolyn Flowers

The meeting was preceded by a public hearing on the Draft Environmental Impact Statement (EIS) for the Blue Line Extension (BLE). A motion was made and seconded to open the Public Hearing, and passed unanimously. John Muth, CATS Deputy Director for Development, opened the Public Hearing by saying that the comments received will be brought to the October MTC meeting to be used in MTC's decision-making for action on the National Environmental Policy Act of 1969 (NEPA) Preferred Alternative. The public hearing is the only time verbal comments will be recorded during the 45-day comment period.

Six people spoke at the Public Hearing for the BLE Draft EIS, all in support of the project to extend the current light rail system on the planned alignment. Representatives from UNC Charlotte, Casto Properties and CMC-University spoke of CATS' collaboration to minimize impacts to their operations and stated their commitment to light rail as a favorable transit alternative for the region. A representative from University City Partners stated that they have studied the Draft EIS and are comfortable with its findings. Two individuals also spoke in favor of building the light rail extension as quickly as feasible.

I. Call to Order

The regular meeting of the Metropolitan Transit Commission was called to order at 5:53 pm by MTC's Chairperson, Commissioner Jennifer Roberts, at the conclusion of the Public Hearing.

II. Review of Meeting Summary

The Meeting Summary of August 25, 2010, was approved as written.

III. Transit Services Advisory Committee Chair's Report

Terry Lansdell

Mr. Lansdell reported that TSAC met on September 9 and approved new rules and regulations for the Transit Governance Interlocal Agreement. TSAC also received a comprehensive review of competitive grant activity, and a large list of grant applications and their current status. TSAC also received a presentation on advertising within and on CATS vehicles. There was discussion on the proposed changes, particularly on the style, revenue potential, and content of vehicle wrap advertising. Some of TSAC's concerns are addressed in tonight's presentation. The majority felt that TSAC should support the staff recommendation, with the exclusion of expansion to bus stops and shelters. Some members felt that vehicle advertising should be restricted and full wraps minimized to protect the CATS brand and due to concerns over quality issues and revenue potential. TSAC's Huntersville representative is adamantly concerned about the damage to the image that may result from "the king and queen type of advertising."

IV. Citizens Transit Advisory Group Chair's Report

CTAG did not meet this month.

V. Red Line Task Force Update

John Woods

Mayor Woods reported that the Red Line Task Force held its first meeting on September 22. Topics of discussion included a planning session with Paul Morris, a consultant on loan from NC Department of Transportation, North Corridor rail station economics, establishing relationships with neighboring counties, scheduling a meeting with Norfolk Southern officials in the next four to six weeks, instituting public/private partnerships, and investigating creative financing possibilities. Mayor Swain clarified that the task force is comprised of the four mayors of Huntersville, Davidson, Cornelius and Charlotte; Harold Cogdell, Jr., Vice Chair of the Mecklenburg County Board of Commissioners, who will be Co-chair of the group; the Executive Director of the Lake Norman Transportation Commission, Carroll Gray; a representative from Mooresville, Bill Thunberg; and a representative from Iredell County, yet to be named.

V. Public Comments

Michael Morgan spoke of a recent trip to Florida. The multi-county transit system around Orlando makes it easy to travel from county to county. He encouraged MTC members to build a system that provides multi-county connections to bring people into the area. He stated that the system can be restructured within the current budget to bring passengers into the region and increase revenue while also benefitting businesses such as restaurants.

Charles Strickland said that the local route system needs a major overhaul. Two and a half and three-hour trips are not uncommon. The bulk of the people who use buses for work use regular bus service, not express buses. The system needs to be looked at thoroughly to serve all the people who want to use it. He encouraged MTC members to use the bus for a day.

VI. Action Items

a. Advertising Policy

Olaf Kinard

Mr. Kinard, CATS Director of Marketing & Communications, reviewed the history of the advertising program. The current policy allows advertising only inside revenue vehicles and at rapid transit and trolley stations, including kiosks and displays, and on ticket stock. Staff have studied advertising potential in many areas of the system. CATS recommends a change in the advertising policy to allow advertising on exterior revenue vehicles (excluding STS/Vanpools, Sprinter buses and trolleys), at transit centers, on schedules, and mobile technology such as phone apps and Wi-Fi networks. Mr. Kinard reviewed the various areas

considered for advertising along with the estimated revenue potential, approvals required and possible areas of concern. He reviewed the assumptions staff made on revenue, and cautioned MTC members that if the recession was a double-dip recession it would negatively impact advertising revenue. Mr. Kinard reviewed how transit advertising contracts are typically set up with ad sales vendors. He also reviewed the types of advertisements that are not allowed under the current policy. Mr. Kinard said that he received a call today about ad placement, so there is interest in the community.

Discussion: Mr. Messera asked about ad placement on the buses. Mr. Kinard replied that the stripe between the two wheel wells was designed to accommodate space for advertisements. Mr. Messera asked why Sprinter, trolleys and STS/Vanpool vehicles were excluded. Mr. Kinard replied that the trolleys were designed incorporating the Charlotte Trolley logo, and that would have to be reworked. There are only three trolleys and they are not currently in use. The brand approach for Sprinter has been to encompass the entire bus with the logo and name. That would have to be redesigned to accommodate ads. It could be done, but would involve an expense. STS buses serve a community that includes people with dementia. STS is excluded because CATS does not want these customers to be confused about their bus service. Mr. Collett said that ads should encompass the entire bus side and not just the middle section, or it will look disjointed. Mr. Kinard replied that there are few businesses that can afford a full wrap, which is a \$50,000-plus investment. A smaller space will help the local small business community afford the investment of transit advertising. Mayor Tarte asked about the projection for the total profit of the program. Mr. Kinard said that the net present value of revenue is estimated to be around \$4,680,691 over five (5) years in 2010 dollars. Commissioner Roberts read the staff recommendation.

Mayor Woods asked Mr. Kinard to review the reasons why ads were stopped in 2001 and what the reasons were for revisiting the issue now. Mr. Kinard said that in 2001, tobacco companies and the dot-com companies ceased to advertise, causing the revenue stream from advertising to plummet. The organization's name was also changing from Charlotte Transit System to CATS. There was a feeling that since there was not a large revenue stream, it would be preferable to promote the new brand without ads. Mr. Kinard said that there was awareness that the issue may need to be revisited as the system grew. In 2008, TSAC asked staff to look at advertising revenue, and now MTC members have asked staff to reexamine the issue in an effort to help the balance sheet. Mr. Roberts asked about kiosk advertising and Mr. Kinard clarified the figures. Mr. Lansdell, in answer to a question by Mr. Messera, said that TSAC's recommendation was to restrict ads, and there was concern about "king and queen" ads. CATS has over a hundred more buses than we did in 2001. Mr. Collett asked what if the smaller ads were only on the back and larger wraps on the side. Mr. Kinard said that CATS could do that, if that was MTC's decision. He had reserved the back for the CATS logo and website, but it is a high-visibility site. If MTC wants to put ads on the back, they may. He added that most transit systems have legal accident ads on the backs of their buses. Mr. Lansdell said that TSAC understands the exclusion for the branded Sprinter buses and replica trolleys, as well as STS/Vanpools. He wanted to know how the Sprinter buses were different from the Village Rider buses. Mr. Kinard said that the Village Rider buses no longer have a logo on the bus. Their branding is handled by the headway sign on the front. The trolleys are not running presently. Sprinter is a new brand. He stated that we can go back and re-design the Sprinter buses, but the expense-to-revenue ratio for the seven branded Sprinter buses is probably not worthwhile at this time.

Commissioner Roberts asked for a motion in favor of the staff recommendation. Mayor Tarte made the motion and Mr. Rose seconded. Commissioner Roberts stated that even if we only make a half a million dollars, in this economy, that may help us expand the system. Mayor Tarte said that he had made the motion for that reason. Mayor Woods said that he was concerned that we are violating the brand we established 10 years ago for a revenue amount that is not significant, and was concerned that ads will confuse the brand. Mr. Messera commented that the issue was heavily debated in 2001. At the time, MTC members felt they were taking a second-class image and making it a professional image. Commissioner Roberts said that Bill Coxe had expressed a concern about devaluing assets. She said that we are stretched, and next year's state budget will be even tighter. Counties are feeling the budgetary pinch, and must consider all areas of revenue. She said that there will be more challenges to think creatively. Mayor Swain said that after working in advertising for several decades, she was ambivalent. As the discussion progressed and knowing how advertising sometimes goes, she was concerned about the level of quality, and said there could be a gap in the eventual quality of product.

Mr. Thunberg asked Mr. Kinard if it is possible that ad revenue will make it less likely to have to raise fares. Mr. Kinard said that ad revenue may prolong the need, or may help determine a lower level of increase. Mr. Thunberg concluded that there was no guarantee, but ad revenue may postpone an increase. Mr. Kinard concurred and said that it may mean a slightly lower increase than without that revenue. Mr. Collett said he thought that advertising today can be "fun" and the advertising revenue may help CATS use money for other transit enhancements. He added that additional revenue is more important to people than what a bus looks like. Mr. Brice said that he felt that the system's professional image is the reason the system has grown and has over 100 buses more than in 2001. Mr. Kinard said that between 2004 and 2009, pass sale revenue went from \$4 million to \$8 million. Mr. Brice felt we would lose revenue because ridership would not grow; we do not know what we will lose.

Mayor Swain noted that advertising is fun if you can afford it. We will have people who want black and white ads, or ads in a smaller space. She stated that there is a risk for those who want to advertise but cannot afford the high-quality that we are used to. Mr. Kinard said that we cannot manage content, but we can make recommendations. We may have to take an ad that we do not like, but because of the First Amendment, we would have ads we could not turn down. Mr. Rose asked whether having ads on the buses would degrade the system's reputation. We have built a strong reputation, and he felt it will still be regarded as a strong system. Mayor Tarte said that ridership will increase just because we will have more people in the area. Mr. Collett said the bottom line is that we need revenue, and we cannot afford to say that we cannot do this. Commissioner Roberts said that MTC members can change the policy later. Mr. Messera said that Mayor Taylor and he were on opposite sides of this issue, and he would vote yes if he were here tonight. Mr. Roberts asked how long a contract period would be. Mr. Kinard said that contracts are typically five years, renewed annually, and he would recommend that sort of contract. If an advertiser cannot produce, CATS will need flexibility to change.

Resolution: The MTC approved the advertising policy recommendation in a 5-4 vote. Four members voted yes, four members voted no. Mr. Messera abstained, noting that an abstention counts as a yes vote, so the measure passed. The approval expands potential

areas of advertising to include exterior revenue vehicles (with the exception of STS/Vanpools, Sprinter buses, and trolleys), transit centers, schedules, and mobile technology such as phone apps and Wi-Fi networks.

b. November Workshop Agenda

Carolyn Flowers

Ms. Flowers reviewed the format for the November workshop. The agenda for the workshop will include a review of the MTC 2030 Plan approved in 2006, the impact of the 2009 recession on revenue assumptions, and strategies for moving transit forward. Staff recommends at least five to six hours for the workshop, and asks that MTC consider a change in the date and time as well as the venue. Mayor Swain asked if it could be split to two meetings, and Ms. Flowers said that was a possibility. Ms. Flowers reviewed the options available on November 17 and November 19. Mayor Swain commented that the CMU conference room in Huntersville was a nice facility.

Discussion: Commissioner Roberts asked about interest in a one-day or a two-day workshop. Seven members were in favor of a one-day workshop on the 17th. Commissioner Roberts encouraged MTC members to block out 10am to 3pm on their calendars.

Resolution: The MTC voted to hold the workshop on November 17 in Huntersville. The motion passed.

VII. Information Items

a. Economic Value Added Study

John Trunk

In the August meeting, MTC members directed CATS staff to perform an Economic Value Added (EVA) study on the transit corridors. Mr. Trunk, CATS Assistant Director of Transit Support Services, reported that an EVA study is a financial performance methodology more commonly used in the private sector than the public sector. In generic terms, EVA refers to the additional or incremental value created by an activity or business venture. There was discussion in last month's meeting to add an EVA to the current Financial Strategies and Initiatives Request for Proposal (RFP), but that process was too far advanced to add to or change the scope of services. In looking at the alternatives, staff came up with two documents, both of which were shared with MTC in early September. The Transportation Investment Generating Economic Recovery (TIGER) application for the North Corridor was a cost-benefit analysis that included several criteria. Mr. Trunk said that study was done by an outside consultant for about \$60,000 and took about two months to complete. The other document was the System Plan Evaluation Framework first presented to the MTC in October of 2001. These two documents blended together may elicit the information MTC seeks from an EVA study. As members move into their workshop in November, Mr. Trunk suggested that the contents of these two documents could be helpful in defining and refining the deliverables of an EVA analysis and may provide a framework for further discussion.

Discussion: Mayor Tarte indicated that the CBA analysis was a well done document.

b. 2011 MTC Legislative Agenda

Dana Fenton

Dana Fenton, Intergovernmental Relations Manager with the City of Charlotte, reviewed the status of the current federal and state legislative agenda, adopted in October 2009. As the economy has contracted, transit agencies have attempted to obtain an increased federal share for projects with demonstrated elements in support of local land use, ridership,

economic development, and high community impact. Mr. Fenton noted that FTA is administering an increasing number of grants, increasing opportunities to apply for transit funding. CATS has participated in efforts to make changes to the federal New Starts program. The recession has eroded local transit sales tax revenue so that it is insufficient to finance the local share of major capital projects. However, the recession has also strained the capabilities of federal and state funds to fill that gap. Budget situations at the state and federal level have affected transit allocations. Earmarks are half what they were last year; the BLE's Senate earmark was only \$3.7 million for FY2011. That is less than was hoped for, but if approved, would allow the project's preliminary engineering and final design phases to be completed. FTA did not award TIGER funds for the North Corridor, but did provide briefings to MTC members and CATS staff on their evaluation of the project.

The State of North Carolina projects a \$3 billion general fund budget gap for next year. The 2011 Legislative Agenda will build on efforts from 2010 to communicate with members of federal and state congressional delegations and staff to find sources of federal and state funding for transit projects. An area of concern in the State legislative agenda is including Mecklenburg County in HB148 to extend an additional one-half cent sales tax authority to Mecklenburg County, an authority which the bill gives to all other North Carolina counties. The 2011 Legislative Agenda also includes obtaining a State Full Funding Grant Agreement for the Northeast Corridor, as well as funding for other local transit projects and including rail transportation in the State Maintenance Assistance Program.

Discussion: Mayor Swain commented that it sounds as though things are changing daily, and we are poised to jump on the changes. Mr. Fenton agreed that there are many developments in the federal government and we need to respond quickly. Mayor Swain asked if Mr. Fenton could find out what the response would be if we pushed the entire system for funding, since other municipalities have done that. Mr. Fenton said that he would investigate. Commissioner Roberts stated that the challenge is matching local and federal priorities and having eyes and ears in Raleigh and Washington. She asked if Mr. Fenton could provide a summary of federal and state transit needs that MTC members could use if they met with any members of federal or state delegations. Mr. Fenton said that he could provide a summary.

VIII. Chief Executive Officer's Report

Carolyn Flowers

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

a. Reports:

MTC members received the FY2010 Annual Management Report. Ridership declined in FY2010 due to the economy and lower gas prices. This is the only area that was not attained on the Balanced Scorecard. CATS exceeded all Financial Performance objectives in FY2010 as staff worked to adjust expenses to match lowered revenue. Ms. Flowers directed MTC members to various sections of the report for further study. MTC members also received the FY2011 Transit Operating Program and the FY2011-2020 Capital Investment Plan.

b. Countywide Service Plan Review:

Staff will begin public meetings this month to review and update the countywide service plan. At the Stockholders' Meetings this summer, there was discussion on east-west and cross-town connections, issues which will be included in the countywide service plan review.

Staff will make a presentation to MTC on the countywide service plan review at a later meeting.

c. Route 34:

Mayor Tarte asked for a report on the petition presented at the August MTC meeting signed by 400 people to add Sunday service to Route 34. Ms. Flowers replied that prior to receiving the petition, CATS had applied for a job access reverse commute grant to extend service on the route. Larry Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, reported that the grant has been awarded. Sunday service will begin on Route 34 on October 3.

d. Transit Tax Revenue:

July transit tax revenues were \$4.7 million, a decrease from June's revenue. CATS had estimated budget conservatively and was still able to make budget for the month. Staff will continue to monitor revenues to determine the general trend in revenues over time.

IX. Other Business

None.

X. Adjourn

The meeting was adjourned at 7:30 pm by Commissioner Roberts.

NEXT MTC MEETING: WEDNESDAY, OCTOBER 27, 2010, 5:30 PM