

# METROPOLITAN TRANSIT COMMISSION

## MEETING SUMMARY

January 26, 2011

---

Presiding: Mayor Anthony Foxx (Charlotte)

Present: Curt Walton (Charlotte City Manager)  
Tom Cox (CTAG Co-chair)  
Rick Sanderson (TSAC Chair)  
Jennifer Roberts (Chairman, Mecklenburg County Commission)  
John Collett (NCDOT Representative)  
Sarah Nuckles (SCDOT 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)  
Mayor Jim Taylor (Matthews)  
Ralph Messera (Matthews)  
Bill Thunberg ( Mooresville Representative)  
Erskine Smith (Mooresville Assistant Town Manager)  
Brian Welch (Mint Hill Town Manager)  
Mike Rose (Pineville Town Administrator)

Chief Executive Officer: Carolyn Flowers

---

**I. Call to Order**

The regular meeting of the Metropolitan Transit Commission was called to order at 5:35 pm by MTC's Chairperson, Mayor Anthony Foxx.

**II. Review of Meeting Summary**

The meeting summaries of September 22, 2010 and December 15, 2010 were approved as written.

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

**Rick Sanderson**

Mr. Sanderson reported that TSAC met on January 13, and received a BLE update and information on mobile applications implemented by CATS. Staff answered many questions from TSAC members about the proposed changes to the BLE. TSAC unanimously endorsed the BLE revisions that will be an MTC action item tonight. TSAC members do not like freezing bus routes for the foreseeable future, but understand current financial restraints.

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

**Tom Cox**

Mr. Cox reported that CTAG met last week to formulate comments on the proposed reductions necessary since sales tax revenues will be insufficient to sustain CATS operations by 2025. The

proposed reductions are to eliminate the BLE's I-485 station, maintain but not grow bus operations, identify public-private partnerships for the Red Line, assume construction costs will grow at a 4 percent yearly escalation rate and sales tax revenue will increase 3.5 percent yearly. After much discussion, in a 9-1 vote, CTAG passed a motion that given concerns about rising gas prices and regional equity, CTAG could not support the staff recommendations for the BLE unless we a) create a viable plan for getting the Red Line moving in a reasonable timeframe, b) have the capacity to expand the bus system to respond to demand created by rising gas prices and c) continue regional system development.

**Discussion:** Mayor Foxx asked for staff response. Ms. Flowers noted that current average bus ridership is 24 passengers per hour. Since the average bus has between 35 and 40 seats and can accommodate standees, ridership can grow under the current fleet size. She has asked Mr. Kopf to evaluate when the bus system will reach capacity, which would be the decision point for determining next steps. Fuel is one of CATS' highest cost factors after labor. Staff is currently hedging fuel prices and can look at consortiums. CATS has optimized efficiencies through Balanced Scorecard evaluations and reduced bus idling time. CATS will probably continue fleet conversion from diesel to hybrid technology in the future. Mayor Woods noted that even since November, funding availability has shifted and financing has become more difficult. He wishes to pursue the two-line strategy while recognizing that bus service is CATS' backbone. Staff must maintain commitment to the two-line strategy while sorting through changing environments. Mayor Foxx said that he agrees with moving along multiple fronts, and also agreed that there are dramatic changes on the federal and state sides. We will have to watch developments. The BLE is close to an FTA Record of Decision and MTC should not back away from it.

**V. Red Line Task Force Update**

**John Woods**

Mayor Woods reported that the Red Line Task Force met today. The team reviewed the work plan, status of deliverables, and had a lengthy discussion of the Norfolk Southern (NS) grade separation, which will impact Red Line construction. The team continues to make contacts with major corporate leaders in the North Corridor, as well as Iredell County and NS officials.

**Discussion:** Mayor Foxx asked if it was too early to engage NS. Ms. Flowers said that part of the discussion had been when, how and what strategy to use to engage with NS. CATS seeks to partner with the State's high speed rail team and individuals in the private sector to facilitate the discussion.

**VI. Public Comments**

Daniel Bennett said that CATS did a wonderful job to shorten the BLE, but it would have been wonderful to go to I-485 and beyond to Lowes Motor Speedway. He asked MTC members to vote to shorten the project. In these times, we just need to get things done. He urged MTC members, as the saying goes, to "get 'er done." The benefits will outweigh the wounds. He stated that MTC members are doing an awesome job and he supports the shortening of the line.

Martin Zimmerman is Executive Director of Charlotte Area Bicycle Alliance (CABA), a members-driven group. CABA represents bicycle interests, which he said mirrors those of the wider community. The corridor will have 3,000 parking spaces. If consultants perform a cost/benefit analysis of charging for parking, they should look at a way to gain revenue from the parking facilities and put those funds into the bike/pedestrian budget. CABA supports the project.

## VII. Action Items

### a. **Service Policies**

**Larry Kopf**

Mr. Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, stated that the service policy provides a framework by which CATS delivers its services to customers. The major changes proposed remove references to the discontinued historic trolley service and change rail vehicle loading standards to 150 passengers per vehicle during standard service and 194 passengers per vehicle for special events. The new loading standards would allow CATS to plan for the proper number of rail cars not to exceed 194 people per rail car for special events and 150 people per rail car for peak hour service. This is an important policy that has a bearing on how CATS delivers services.

**Discussion:** None.

**Resolution:** The MTC voted unanimously to approve the service policy with the recommended changes.

### b. **BLE Affordable Alternative Concept**

**Danny Rogers**

Mr. Rogers, Senior Project Manager for Transit Corridors, reviewed staff recommendations that address MTC's direction to cut the project's capital costs by approximately 20 percent and annual maintenance and operating expenses by 6.5 percent, with an opening year of 2016. Staff recommends that the project terminate at UNC Charlotte rather than at I-485, which removes 1.2 miles of alignment and two stations. To accommodate increased ridership at other stations, staff recommends that the project include a parking deck at the JW Clay Blvd station and a combination of deck and surface parking at the University City Blvd station. Additional recommendations include: reduce the number of vehicles from 26 to 18; construct surface lots at the Sugar Creek station rather than a parking deck; eliminate the park and ride lots at Tom Hunter and McCullough stations; eliminate the Vehicle Light Maintenance Facility at the NS Intermodal site on North Brevard St, construct a storage yard and dispatch building only on the site, and up-fit the existing South Blvd maintenance facility.

Most of the project's savings come from changing the terminus to UNC Charlotte, which saves \$92 million. The model indicates that 90 percent of the ridership will be maintained because ridership shifts to JW Clay Blvd and University City Blvd stations. This change also reduces annual operating expenses by about 7 percent. Staff recommends adding a parking deck at JW Clay Blvd station to capture ridership before the WT Harris intersection. Staff also recommends adding parking at the University City Blvd station. Mr. Rogers discussed traffic mitigation plans for University City Blvd at the station, which will be needed due to the increased traffic around the station. City staff is exploring options to fund the road improvements.

The scope and cost reduction recommendations total \$165 million. The updated 30 percent cost estimate is now \$812 million in base year dollars and \$967 million in year of expenditure (YOE) dollars. The CATS share of the 30 percent cost estimate is \$228 million, with the City of Charlotte providing one percent for a total of \$14 million. These reductions are in line with the target recommended by financial consultant Jeffrey A. Parker & Associates (JPA) of \$227 million for the CATS share.

The Draft Environmental Impact Statement (EIS) was completed in the fall; staff is working on the Final EIS. FTA authorized addressing the project changes in the Final EIS. Staff met with stakeholders, including UNC Charlotte, University City Partners, and CMC-University, and held a public meeting on January 12 to solicit public opinion. In addition, staff distributed a public survey at the meeting and online and received 298 responses. Although opinions varied, the overall support level was 76 percent in favor of the changes. The next steps will be to complete 65 percent design and the Final EIS, prepare and submit a New Starts report which will include a financial plan, conduct a risk assessment, obtain an independent cost estimate, confirm the budget for the revised project, and amend STV's Preliminary Engineering contract to complete 65 percent design.

**Discussion:** Mayor Foxx asked for discussion, saying this was a big decision. Mr. Roberts asked the cost figure to complete design at the 65 percent level. Mr. Rogers replied that he did not have the number with him but it is in the budget. Ms. Flowers said that earmarks already appropriated have not been spent, so there are sufficient funds to complete 65 percent design.

Mayor Swain asked for clarification on the parking garage changes. Mr. Rogers stated that the project proposes adding spaces through a deck at JW Clay Blvd and a deck and surface parking at University City Blvd. He described a possible location for the deck at JW Clay Blvd. Mayor Swain asked about the opportunity for public-private partnerships for deck construction. Mr. Rogers replied that staff has had discussions with developers, but also must look at station access and patron safety. The current preferred site provides good safe access to the station. Mayor Swain asked if staff could keep options open. Mr. Rogers affirmed that all possibilities are being evaluated, and noted that retail space is planned for a portion of the deck.

Commissioner Roberts asked how difficult it would be to expand the proposed smaller maintenance facility and storage yard if the line is extended into Cabarrus County in the future. Mr. Rogers replied that CATS does not plan to purchase all the available land, but because of constraints on the property's use, it is likely to be able to use it later. The revised plan was designed to accommodate future expansion. At Sugar Creek, a deck can be constructed later to replace surface lots. If developers bought those properties, that would offset some of the costs of expansion.

Mayor Woods asked for the steps and timeframe after 65 percent. Mr. Rogers replied that staff will work on the New Starts update this summer with a plan to complete the line in 2016 or 2017. FTA will probably issue a Record of Decision (ROD) in December. Staff will then submit a request to FTA to move into Final Design. The project's cost will be set when it moves into Final Design. Real estate acquisition can begin then using federal funds.

Mayor Woods questioned how CATS will receive funding now, since the cost of final design was previously funded through earmarks. Mayor Foxx noted that appropriations will be an issue with earmarks going away. The most likely scenario is that Congress could appropriate sufficient funds to FTA which would be responsible for designating funding through grants for design in local communities. However, FTA has not established criteria for design funds. Mayor Foxx said this project may be in the middle of the process as it gets worked out and the reality is that for the next year or so, Congress will be "building the plane and flying it."

Ms. Flowers concurred with Mr. Foxx's analysis. CATS staff met recently with Senator Hagan's staff, and were told that they needed to be in touch with FTA for support as well as the congressional delegation. Staff contacted Secretary LaHood when he was in Charlotte, focusing on sustaining a good relationship with federal transit administration officials to maintain BLE visibility. Staff held a meeting today to review the project's delivery process. A consultant at the meeting who has worked for the FTA said they checked with FTA before performing the analysis. FTA indicated that Charlotte has a high visibility within FTA and FTA would like to see the project go forward. Staff will be coming back to MTC later with a report on whether this is the time to move to a design-build process. Mayor Foxx said that if we can get into the federal pipeline, we should be in good shape.

Ms. Nuckles asked if we had spoken with Chairman Dan Mica, head of the House Transportation & Infrastructure Committee. Mayor Foxx said that it would not hurt to speak with him for assistance in ensuring the BLE's funding process moves forward.

Mayor Tarte asked if there was a way to expedite the BLE project and make the cost of the local share significantly lower. Ms. Flowers responded the project will probably not get into the President's budget until 2013, so the project is probably moving as quickly as it can. Mayor Foxx commented that there are other systems with projects in the pipeline, but not as far into the process as the BLE. Mayor Foxx said that the project's major risk was delays at the FTA level.

**Resolution:** Mayor Taylor motioned to support the recommendation of staff to adopt the amended alignment and select the alternative as the Locally Preferred Alternative. Commissioner Roberts seconded the motion, which was unanimously approved.

## VIII. Information Items

### a. **Financial Policies**

**Eric Hershberger**

Mr. Hershberger, CATS Budget Manager, stated that CATS Financial Policies are the framework for managing financial resources, forming guidelines for MTC and managing financial decisions and are reviewed by auditors for compliance. They are now due for their regular three-year review. The financial policies are a critical tool for maintaining financial stability, particularly in a time of economic downturn. Mr. Hershberger reviewed the policy performance objectives for the past five fiscal years, which are benchmarked against transit industry standards to ensure financial balance and to maintain CATS' AAA credit rating.

Key proposed changes include utilizing additional financial tools available in the market to fund CATS programs such as public-private partnerships and government credits and loans like the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation & Improvement Financing (RRIF) Program; changing the level of routine fare increase which occurs every two years from a \$0.10 to a \$0.25 increase in base fare 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. For FY2010, farebox return was 21.3 percent. Other rates, such as STS (Special Transportation Service), may change differently. CATS' current fare is in the middle of similar systems in similar cities.

**Discussion:** Mayor Tarte asked what the takeaways are in the ratios. Mr. Hershberger replied that budget parameters require that CATS maintain these minimum guidelines. Debt service coverage ratio is a key ratio and the \$100,000,000 fund balance is important. Mayor Tarte commented that it looks to him as though we are in solid financial shape, and asked if there are any risk areas. Mr. Hershberger said that the debt service coverage ratio indicates that debt must be at those levels. Mr. Roberts wanted to know how much cushion we maintained, and would be interested to see budget versus actual for each year, perhaps at the next meeting. Mr. Hershberger said that could be provided. Mr. Messera said that current policy says the net debt service coverage is for greater than 1.15, and the change proposes that it be greater than or equal to 1.15. Mr. Hershberger said that he thought the intent of the policy was always to be at greater than or equal to 1.15. CATS is currently taking steps to increase the debt service coverage so it will be greater than 1.15. Ms. Nuckles asked if CATS had worked to increase the debt service coverage to 1.15, and Mr. Hershberger said CATS had, and the steps will be discussed in the next presentation.

**b. Budget Overview**

**Dymphna Pereira**

Ms. Flowers introduced the budget overview by saying that CATS is experiencing a period of reset, adapting to current economic realities. Ms. Pereira will discuss adjustments CATS has made due to reduced sales tax revenues in the mid-year and for 2012. CATS will continue to maintain existing levels of service, maintain operating efficiencies, and implement its long range financial plan while focusing on core business services and expanding its capital financial plan. Ms. Pereira, CATS Chief Financial Officer, said her presentation will cover the mid-year FY2011 Financial Plan, the proposed FY2012-13 Operating Budget and the five-year FY2012-16 Proposed Capital Investment Plan (CIP). Ms. Pereira reviewed the criteria to sustain a structurally balanced financial plan. CATS strives to preserve mobility for riders within existing resources, leveraging local funds and maintaining equity to be ready when opportunities occur, as happened last year with the American Recovery and Reinvestment Act (ARRA) funds. Ms. Pereira commented that CATS' goal for FY2011 is to maintain core service levels for bus and rail. The goal for STS is to maintain primary operation within ADA requirements while incorporating new customers.

For FY2011, sales tax revenue is down 4.5 percent from the operating budget but made some recovery in November, leading to hope for further improvement if retail sales are up for December and January. CATS is taking a conservative approach to the FY2011 budget to keep pace with reduced revenue projections and delayed reimbursements. Operating expenses have been reduced below budget due to various cost cutting methods. The budget's largest area of risk is fuel costs. CATS currently pays \$2.60 per gallon for fuel, but budgeted \$2.35 per gallon. The year to date average is \$2.32 per gallon since CATS locked in a 6-month contract at the beginning of the fiscal year. As CATS moves forward to a Full Funding Grant Agreement (FFGA) for the BLE, one of the key issues to prove is that the local share is secure. CATS has worked to ensure that the local share is in a good position to move forward.

Ms. Pereira reviewed the FY2012-13 operating budget. Fuel, insurance and inventory are major expenses in the proposed budget. CATS has not included employee merit increases for FY12 or FY13 because the City has not discussed increases yet. Bus driver contract negotiations begin next month, with contract negotiations for mechanics following a year later. The budget has reserves to take CATS through the negotiations. The key budget risk

is probable rising fuel prices, and the key cost drivers are increasing costs for risk insurance and maintaining inventory.

Ms. Pereira reviewed proposed changes in service level and authorized positions in the FY2012-13 budget. As the DSS taxicab service is eliminated, some of those customers have applied to STS. CATS will align with ADA guidelines to cover this growing customer base; service for customers outside the ADA requirement will be based on availability. She reviewed the key risk of fuel prices. Mayor Swain asked how fuel prices are locked in. Ms. Pereira responded that locking in prices requires a premium, so CATS balances price locks with spot market pricing. Ms. Pereira reviewed operating income sources.

The FY2012-16 CIP includes \$180 million in debt for FY2013 for the BLE and \$141.2 million for bus, STS and vanpool vehicle replacements. CATS has received federal grants for infrastructure, and continues to investigate federal funding for infrastructure. The CIP includes funds for a required light rail overhaul program, including systems and track maintenance and upgrades. The budget also includes \$887 million for the BLE and \$260,000 for the Red Line.

Ms. Pereira reviewed the budget snapshot and financial summary for FY2011. Sales tax revenue is slightly below that received for FY2005, but bus service has increased by 3.2 percent, rail service has been initiated, fuel costs are 62 percent higher and ridership is 38 percent higher. Service has been maintained despite the lower revenue constraints.

**Discussion:** Mr. Roberts asked what the fund balance was at the end of FY2010. Ms. Pereira replied that it was a little over \$106 million. Mr. Roberts asked what a roughly one percent merit increase would cost. Ms. Flowers estimated that a merit increase would cost approximately \$600,000 for each one percent. Mr. Thunberg asked what an additional \$0.25 in farebox revenue would bring in; Ms. Pereira replied that it would total about \$3 million. Mayor Tarte asked why the retirement rate increased for FY2011. Ms. Pereira replied that the State required an increased employer contribution in FY2011. Mayor Tarte commented that it would be helpful to see a projection of the impact an increase in gas prices to \$4.00 per gallon would have on bus hours. He said it would be helpful to see a projection of the impact, since increased gas prices would result in increased bus ridership. Ms. Pereira said staff would bring that back next month.

Mr. Thunberg asked if anyone had looked at the increasing cost of copper and how much that would impact the cost of catenary lines. Mr. Rogers commented that CATS constantly examines unit prices, and the cost of copper is in the most current estimate. Mayor Woods asked the source for the \$260,000 project expense for the Red Line. Ms. Pereira noted that was its share of the JPA service. Staff has included more funds because the delivery method is unknown. Mayor Woods noted that MTC is moving forward with a two-corridor strategy and that does not look like a two-corridor strategy. He will look forward to seeing how the number develops. Ms. Pereira said that as funding strategies for the Red Line are identified and move forward, CATS will place projections in the Red Line capital budget. Mr. Roberts noted that Cornelius has a strong bond rating and is still not able to obtain 30-year debt. He asked if Charlotte was experiencing that problem, and Mr. Walton said no.

Mr. Messera asked about the \$488 million proposed in the CIP for replacement revenue vehicles. Ms. Pereira noted that was for buses. Commissioner Roberts commented that it was amazing that the only service eliminated in the current budget constraints was the trolley service, and complimented staff.

Mayor Tarte commented that if CATS wanted to adopt a strategy for a single line, he was not opposed now; keeping in the federal process is that important. He stated he would probably vote against the budget now because the amount budgeted for the Red Line is insufficient to advance the project. Mayor Foxx noted that the P3 option has been determined for the Red Line; the number in the budget is the number we have identified to lay the groundwork for the P3 strategy. Ms. Pereira discussed the P3 option and the option of partnering with the state. At this point, we do not have funding partners identified; that work is still underway. Ms. Flowers noted that MTC members do not see the considerable staff time spent on the Red Line. Since there is not a capital project to which to charge those costs, the Red Line portion of other studies are not charged to the Red Line although the work is ongoing. MTC has the figures for the federal, state, and city's share of the BLE since there is a capital project against which to charge those costs. The local cost of the Red Line will depend on the cost delivery option chosen, and that will have to be determined before we can determine the cost for the project.

**IX. Chief Executive Officer's Report**

**Carolyn Flowers**

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

**a. Expanded Gold Rush Service:**

Johnson C. Smith University (JCSU) and Central Piedmont Community College (CPC) are funding an extension to the Gold Rush service. The service will be lengthened on both ends to JCSU and to past CPC. The service will begin on Monday, February 14.

**b. JPA Contract Amendment:**

In its meeting on Monday, January 24, 2011, the Charlotte City Council approved the contract amendment for Jeffrey A. Parker & Associates (JPA). JPA can now work to develop a detailed financial plan for delivering the BLE, provide options to advance the Red Line, and help CATS organize a framework of tasks and decisions on the Red Line's unfunded components. CATS staff will manage the project and report to MTC.

**c. Legislative Efforts:**

CATS staff will attend the APTA Legislative Conference from March 14-16 in Washington, DC. While there, staff will engage the NC delegation to ensure that transit is still in Presidential and congressional budgets.

**d. Safety on Light Rail:**

A rider on the light rail system has lodged a complaint that she was solicited by panhandlers and did not feel secure. CATS is reviewing security on the rail system, and has engaged CMPD to investigate as well.

**e. ULI Study:**

At the March MTC meeting, City Staff will present a review of the Urban Land Institute (ULI) Daniel Rose panel study on the *Independence Boulevard Area Plan*.

**X. Other Business**

Bill Coxe, Huntersville Town Planner, noted that the New Partners for Smart Growth Conference will be in Charlotte on February 3-5. This conference of 1,300 planners will include a session and

tour on Using Light Rail as a Catalyst for Redevelopment. Attendees may take a field trip to the three northern Mecklenburg towns to determine how rapid transit may spur Smart Growth development in the region.

**XI. Adjourn**

The meeting was adjourned at 7:55 pm by Mayor Foxx.

---

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