

**METROPOLITAN TRANSIT COMMISSION**

**MEETING SUMMARY**

**February 22, 2012**

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Presiding: Harold Cogdell (Chairman, Mecklenburg County Commission)

Present: Ruffin Hall (Charlotte Assistant City Manager)  
Tom Cox (CTAG Co-chair)  
Terry Lansdell (TSAC Vice Chair)  
Harry Jones (Mecklenburg County Manager)  
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)  
Mayor Jim Taylor (Matthews)  
Ralph Messera (Matthews)  
Brian Welch (Mint Hill Town Manager)

Chief Executive Officer: Carolyn Flowers

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**I. Call to Order**

The regular meeting of the Metropolitan Transit Commission was called to order at 5:30 p.m. by MTC's Vice Chair, Mayor John Woods.

**II. Review of Meeting Summary**

The meeting summary of January 25, 2012 was approved as written.

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

**Terry Lansdell**

Mr. Lansdell reported that TSAC met on February 9. Members heard the 2013 budget update and information on the proposed fare increase.

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

**Tom Cox**

Mr. Cox stated that CTAG met yesterday. Members also heard the 2013 budget update and information on the proposed fare increase.

**V. Red Line Task Force Update**

**John Woods**

Mayor Woods said that the Red Line Task Force (RLTF) discussed the Review and Adoption Schedule in its meeting earlier today. The effort is going well. There was extensive conversation regarding continuing discussions with Norfolk Southern (NS). Mayor Woods recognized Paul Morris, Deputy Secretary for Transit. Mr. Morris stated that there may have been confusion over recent communications from NS to him. The State considers the correspondence as an opportunity for NS to clarify their current needs in the corridor. NS desires Mr. Morris to be an

active participant in the discussions. NS also realizes that assumptions previously made about the project are no longer valid. NS concluded by saying that they look forward to working with us and the State on a study that will hopefully meet their needs and support a solution with which everyone can be satisfied. Mr. Morris said he has responded to the letter. The State led and facilitated the conversation, but as a local initiative, the work is the RLTF's work. Mr. Morris stated that it is important that NS understand that all nine local entities involved have a stake in the project. He encouraged NS to engage more directly with local entities in a more open and complete dialogue so we can better understand what their assumptions are. The infrastructure and operations changes are of primary concern to NS, not financing. The next steps for the project include addressing NS's concerns regarding changes to infrastructure and operations that the project would entail. Mr. Morris stated that his and his consultants' interest in the project does not waver. He reviewed the next steps in the project and reiterated the State's interest in continuing to be the point of contact with NS as the project goes forward.

**Discussion:** Mayor Swain said that it was important to note that until we get NS to the table, Mr. Morris and the State have the prior relationship with NS. Mr. Morris said he is thrilled with the level of involvement we have with NS now and he will continue to serve as the conduit. Mayor Woods said that given our understanding of NS's position now, which has been helpful to be clarified, we understand the need to extend the review and analysis period to allow time for NCDOT and NS to perform their engineering analysis. The RLTF is working to refine scheduling dates within the critical path items of the funding path to enable the infrastructure and operations reassessment to take place. The RLTF hopes to have the new schedule next month.

#### VI. Public Comments

Louise Woods and Susan Lindsey spoke as members of the ULI Task Force bringing good news from the Task Force. Ms. Woods said ULI plans to continue to work to create healthy development along the east corridor, including the rail that MTC adopted. It is important to have a shared vision throughout the corridor. ULI stands ready to help and will review the rail plans in order to move forward in a timely manner. Significant funds will be needed in the near future to move forward. ULI asks that this funding be budgeted soon. Ms. Lindsey added that she understood that the funds are in the second year of the current budget.

**Discussion:** Commissioner Cogdell joined the meeting. Ms. Flowers noted that staff have put together a process and work plan to review previous alignment studies to determine upcoming needs in this corridor. \$500,000 is allocated for this review in the FY14 budget and \$250,000 in the FY15 budget.

#### VII. Action Items

##### a. **Countywide Transit Service Plan (CTSP)**

**Larry Kopf**

Mr. Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, reviewed the CTSP that was presented as an Information Item in January 2012. The CTSP uses public feedback and existing service analysis to develop a five-year Service and Capital Development Plan. The plan proposes changes to the Village Rider Routes and some local routes, proposes a new route on Highway 51 and recommends new park and ride locations.

**Discussion:** Mayor Swain asked Mr. Kopf to confirm service to North Mecklenburg High School. Mr. Kopf replied that CATS is working on a plan to add trips after 5:00 p.m. These ongoing discussions are very recent and are not reflected in the plan. Mayor Swain noted

that the plan shows no new park and ride locations in Huntersville. Commissioner Cogdell remarked that he has heard numerous comments of interest in additional east-west routes. Mr. Kopf said that when the rail line is extended in the Northeast Corridor, a number of new routes will begin in that area to provide new service. In addition to the new route on Highway 51, the new plan will include bus routes providing cross-town connections at Eastway Drive and other areas.

**Resolution:** Mayor Taylor motioned to approve the CTSP; Mayor Swain seconded. MTC members unanimously approved the motion.

**b. 2012 State Legislative Agenda**

**Dana Fenton**

Mr. Fenton, Intergovernmental Relations Manager with the City of Charlotte, stated that the action item is to approve the Legislative Agenda reviewed last month, with two changes. The first change to the Agenda is that the MTC Chair and Vice Chair will sign a letter explaining the rationale for the two issues brought forward. Also, the line stating MTC's position on the State Motor Fuels Excise Tax, commonly called the gas tax, will change to read that MTC urges the legislature to delay consideration of legislation to cap the state gas tax until a comprehensive review of statewide, regional and local transportation needs and sources of revenue is conducted. This is reflective of what the League of Municipalities and other organizations will try to seek this year.

**Discussion:** Ms. Flowers noted that there have been questions in the past about adding the authority to enter into design-build-operate-maintain contracts, an authority which was not added in the legislature last year. The State Attorney has said that the authority already exists for Tax Increment Financing (TIF) and special authority districts, so it does not need to be added to the Legislative Agenda.

**Resolution:** Mayor Swain motioned to approve the updated 2012 State Legislative Agenda as presented; Mayor Taylor seconded. The motion passed unanimously.

**VIII. Information Items**

**a. FY2013 Operating Budget**

**Dymphna Pereira and Operations Staff**

Ms. Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, said that the focus of the FY13 Operating Budget will be to maintain core mass transportation service and a structurally balanced budget. As part of maintaining core service, the budget strengthens CATS Americans with Disability (ADA) paratransit service by providing additional resources to provide service within federal regulations. Sales tax is projected to bring in 49 percent of operating income; fares and service reimbursements are projected to bring in 24 percent. Other fund sources will be obtained through operating assistance and maintenance of effort awards. Additional sources of income such as advertising will bring in two percent of income. Personal Services will form the greatest amount of operating expense at 70 percent, but fuel and risk insurance are the biggest areas of risk to the budget. Sales tax revenue decreased in the recession, but has recovered since FY11 and is projected to rise slightly in FY13, from \$59 million to \$61.7 million.

CATS will hold a Public Hearing on the proposed fare increase in March. MTC's adopted Financial Policies allow a fare increase every two years, to reflect a fair-share contribution by

riders to transit operating costs. The impact is projected to increase operating income by \$2.5 million, and will fund a little over 28,000 revenue service hours.

Sales tax is a key source of income. Fuel is an expense that has had a great impact to the operating budget over the past two years. Sales tax income decreased by \$5.8 million over two years while fuel costs increased by \$1.4 million. The overall impact of \$7.2 million was a shock to be absorbed in the budget. Regular fare increases help mitigate the impact of these variables. The current fare of \$1.75 actually nets revenue of \$0.93 per rider for discount programs such as employer or senior citizen discounts. A \$2.00 fare will net revenue of \$1.06 per rider. CATS has maintained core revenue service hours over the past two years despite decreased revenue and increased costs.

Ms. Pereira reviewed operating expenses for FY13. The budget includes known increases in City benefits costs and provisions for changes in contractor personnel-related costs. Fuel is budgeted at \$3.15 per gallon, 5 percent over the FY12 budget cost. There are provisions for additional bus revenue service hours and the costs of complying with federal mandates for ADA paratransit service. Inventory insurance and utilities are key cost drivers and risks.

Mr. Kopf reviewed the Bus Operating Programs. Most employees in Bus Operations are in the United Transportation Union. CATS has hired McDonald Transit to manage the unionized workers. Key cost drivers are Personal Services and fuel. In the coming year, CATS expects to balance higher ridership with maintaining service. Staff will seek to move assets where they are most needed and to apply for grants to help fund services. Public private partnerships such as with UNC Charlotte have helped fund services. Fuel is becoming a higher percentage of the operating budget, a trend that CATS expects to continue next year. Demand has increased for Special Transportation Service (STS). By law, CATS must provide service for people with disabilities within  $\frac{3}{4}$  of a mile of a regular bus route. The budget for STS is increased by \$400,000 to ensure that CATS can meet all ADA demand and meet more needs outside the ADA area. Now that STS is co-located with bus services at North Davidson, CATS hopes to find service efficiencies. CATS initiated web-based scheduling to relieve phone wait times and become more efficient. Users of the Vanpool service drive the vanpool vehicles, making it a cost-efficient system and another option for job commuters. CATS recommends retaining \$300,000 in funding for DSS Subscription Services.

Rocky Paiano, CATS General Manager, Rail Operations, stated that the LYNX Blue Line completed its fourth year of revenue service in November. The line carries about 4.8 million passengers per year while maintaining an on-time performance rate of 99 percent. For FY13, Rail's priority is to provide safe operations for regular trips and service to approximately 150 special events. Staff will begin an overhaul of the light rail vehicle fleet to maintain rail assets. Staff will build a small structure to house the Maintenance of Way force and increase the parts room to meet the needs of the LYNX Blue Line Extension (BLE). Shop and yard improvements will also commence. Key cost drivers, as with Bus Operations, are Personal Services and Risk Insurance. The high cost of Railroad Insurance means that Risk Insurance comprises 18 percent of Rail's budget.

John Trunk, CATS Assistant Director of Transit Support Services, spoke on the two units within Transit Support Services which have the greatest impact on the operating budget. Facilities Management Support Services maintains all CATS owned and leased facilities,

including buildings and grounds, passenger amenities such as park and rides and bus shelters for bus and rail. Safety and Security has 67 personnel dedicated to transit security, primarily company police but also CATS employees and CMPD Transit Police Officers. Crimes against persons and property for 2010-2011 were down 31 percent in bus operations and 36 percent in rail operations. Safety and Security employees hold regular meetings to deploy resources and plan for special events, and work with federal agencies such as TSA and DHS on security planning and industry best practices. FTA recently completed an audit of CATS and NC State Safety Oversight. CATS and NCDOT joined Pennsylvania as the only programs since 2007 to have zero audit findings of non-compliance.

**Discussion:** Mr. Messera asked about discount programs. Olaf Kinard, CATS Director of Marketing & Communications, replied that the number reflects several components. CATS does not charge for transfers, which lowers the per-trip cost. Riders who purchase a monthly or weekly pass have a lower average fare the more often they use their passes. Seniors often use their passes 60 times. The usage discount inherent in a pass or transfer lowers the average fare. Mayor Swain commented that she appreciates staff's efforts to maintain low fuel prices.

Mayor Swain asked if we have a breakdown on how the Democratic National Convention (DNC) will affect operations. Ms. Flowers said the budget does not include anything for the DNC. The assumption is that any services required for the DNC will be budgeted for and provided by the Host Committee. Ms. Flowers said that CATS has 20 light rail vehicles; once we are given security parameters, CATS will know how to allocate rail service. Mayor Woods noted that bus service was assumed to provide additional flexibility. Mr. Hall said that security measures will dictate many of the other operational impacts. The City has not yet been given the plan. Mayor Taylor asked if we have any idea when the information will be given. Mr. Hall replied that they have not given us a time frame, but it is typically given in the summer. Mayor Swain asked if there will be advertising on the buses. Mr. Kinard noted that there will be two areas of service: the fleet that will run regular service and the fleet that will serve the DNC. There is a minimum eight-week buy for that time period, and the regular fleet already has commitments then. Initial discussions for the contract negotiations have included advertising and how revenue on DNC buses will be allocated. Mayor Swain said that it was disturbing to see that Concord has so many delegations in their hotels, since that is out of the county. She asked if that will affect CATS. Mr. Kopf said that it was his understanding that the DNC has issued a Request for Proposals for a management company to provide bus service to delegates. CATS may be able to provide service if they do not have enough providers but will have to get a waiver from the federal government in order to participate. The majority of the service will probably be by private providers.

Mayor Tarte asked how the operating reserve is handled. There are many financial considerations, and he asked how to determine how to justify the fare increase. Ms. Flowers said these items had been explained to CTAG. The \$20 million reserve is applied to capital income, not operating income. Ms. Flowers said staff will answer his questions. Mayor Tarte said that he would like clarification on fund balance requirements so MTC members can make informed decisions.

Mayor Taylor asked for elaboration on STS and what is involved in STSII service. In a four-day window, he said that only five of 46 "confirmed" reservations were fulfilled. The day before

or the day of their trip, people were told that they were not going to get service. Mr. Kopf said that CATS has a limited number of drivers and vehicles which constrains the ability to make trips. CATS books ADA trips daily and tries to accommodate STSII trips. The trips that are cancelled are people who were on standby. A standby trip can be accommodated when a trip is cancelled. It is a logistical problem. Mayor Taylor asked about penalties. Mr. Kopf said that there are penalties for no-shows; he will give that information to Mayor Taylor. There is a new call-ahead service to limit no-shows. People now receive a reminder call a day in advance. If they no longer want that trip, they can call and cancel. Ms. Flowers noted that the penalty is not that CATS does not give a ride to that person the next time; by law, CATS must provide ADA service.

Mayor Taylor asked whether the relocation to North Davidson was causing trouble with providing service to the southern part of the county. Ms. Flowers said the problem is supply and demand. More people are becoming eligible for the service as baby boomers age and people with illnesses are certified for the service. There is a very broad definition of disability. Mr. Messera noted that he has spoken with people who are relocating to be within the ADA service area; when ADA-eligible demand is filled, there is no ability to respond to STSII demand. Mr. Kopf said the additional funds will allow CATS to have more drivers at peak times and another person to answer phones. Mr. Messera noted that there are different figures in service hours. Ms. Flowers commented that some of the new hours are paid for with grant funds such as the recent Job Access Reverse Commute (JARC) award. Ms. Pereira confirmed that revenue service hours will need to be reduced if there is no fare increase. Mr. Lansdell asked what level of service constituted 10,000 hours, if the cuts were absorbed half by bus and half by rail. Mr. Paiano said that Rail operates about 44,000 service hours per year. Eliminating 10,000 service hours would eliminate about a fourth of rail service. Mr. Kopf said that for the bus, that would be equivalent to about 39 hours per day on weekday service, which would mean eliminating one of CATS most-used routes, such as Route 39 Eastway. There would be some pain in route elimination, so CATS would seek to eliminate the route with the lowest-level ridership to reduce the level of pain.

Commissioner Cogdell commented that he had thought that it may be better to eliminate the lowest-performing route. Ms. Flowers replied that there are different ways to approach a reduction in service hours. If you eliminate service on the lowest-performing routes, you take transit away from people who may have no other transportation option. You can thin service and change frequency across the entire system, which takes away the convenience factor and may push people into overcrowding. If a system applies for funding for transit expansion, FTA will ask why the system is cutting service while also seeking to expand service. Los Angeles cut 10 percent of service. They were in the same tier as Charlotte for an FFGA but are now undergoing a Civil Rights Review. When you say "I want to expand rail and cut bus service," you may run into service equity and Title VI issues. Mayor Taylor asked what percentage of STSII requests we complete annually. Mr. Kopf said he would provide that number to Mayor Taylor. Mayor Taylor asked if CATS satisfies 50 percent of the requests annually. The emails he receives indicate that CATS serves only five percent of the requests. He would like to know percents and actual numbers. Commissioner Cogdell asked if there was a point of contact person for these sorts of questions. Mayor Swain said that Dee Pereira is the contact person, and she is always accessible.

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

**Carolyn Flowers**

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

**a. Center City Area Plan:**

Last month's MTC meeting included a discussion of the regional vision and the Charlotte Gateway Project. Debra Campbell, Director of the Planning Department, prepared information distributed to MTC members tonight on how to establish an Area Plan so members can gain insight into the process. Gateway Station is in several adopted plans, including the Charlotte Center City 2020 Vision Plan.

**b. Financial Report:**

There has been a slow recovery in sales tax revenue, which formed the basis of increased sales tax projections for next year. January 2012 ridership was up 17 percent over January 2011, probably as a result of higher fuel prices and warmer winter weather.

**c. Legislative Efforts:**

It appears that no action will be taken on the Transportation Reauthorization bill before the House recesses. CATS and NCDOT gave presentations to the State Legislative Oversight Task Force on February 10, the last step required before the State's approval of a Full Funding Grant Agreement (FFGA) for the project. CATS and NCDOT also provided presentations to the same committee on the Red Line Rail project; CATS on the historical perspective, and NCDOT on current policy and financial proposals. CATS received notice that the BLE is included in the President's budget for \$70 million. The funds will be used for right of way acquisition and Final Design. The Charlotte City Council will consider major CATS procurements this month. For the BLE, procurements will include UNC Charlotte easement rights, legal services and utility relocation for Duke Energy and AT&T. Two park and rides will also go forward for approval, the Albemarle park and ride construction and the I-485 expansion as well as the last of the Federal funding from the American Recovery and Reinvestment Act (ARRA) grant for Davidson St. construction for the fuel wash. Prior to leaving tonight's meeting, Ms. Flowers reported that Mr. Morris committed that NCDOT will fund the continued engineering study with NS. Brian Nadolny will be our in-kind contribution to coordinate the study.

**Discussion:** Mayor Tarte asked for a BLE update in a future meeting. Ms. Flowers replied that the update is scheduled for the March meeting. Staff recently completed the project's Risk Assessment with FTA and expects a final report on March 7. The March update will include the project and its scope and schedule.

**X. Other Business**

None.

**XI. Adjourn**

The meeting was adjourned at 7:10 p.m. by Commissioner Cogdell.

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NEXT MTC MEETING: WEDNESDAY, MARCH 28, 2012, 5:30 P.M.