

# METROPOLITAN TRANSIT COMMISSION

## MEETING SUMMARY

January 23, 2013

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Presiding: Mayor Anthony Foxx (Charlotte)

Present: Julie Burch (Interim Charlotte City Manager)  
Mary Barker (CTAG Co-Chair)  
Rick Sanderson (TSAC Chair)  
Harry Jones (Mecklenburg County Manager)  
Mayor Lynette Rinker (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)  
Brian Welch (Mint Hill Town Manager)  
Bill Thunberg (Mooresville Representative)

Chief Executive Officer: Carolyn Flowers

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**I. Call to Order**

The gavel was passed and Mayor Foxx assumed the position of Chairman of MTC. Mayor Foxx called the regular meeting of the Metropolitan Transit Commission to order at 5:30 p.m.

**II. Review of Meeting Summary**

The meeting summary of November 28, 2012 was approved as written.

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

**Rick Sanderson**

Mr. Sanderson said that TSAC met on December 13, 2012 and January 10, 2013. TSAC members reelected the chair and co-chair at the December meeting and heard a staff presentation on bus stop announcements. In January, members heard presentations on the mobility management study, grant applications in process and impacts for CATS from changes to the Mecklenburg Union Metropolitan Planning Organization. TSAC's next meeting is February 14.

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

**Mary Barker**

Ms. Barker reported that CTAG met on January 15, two new members introduced, one from the Charlotte Mecklenburg School System and one from Mecklenburg County. Staff gave presentations on risk analysis, personnel projections and city cost fuel programs and projections, as well as an update on the Silver Line.

V. **Red Line Task Force Update** **John Woods**  
Mayor Woods said that the Red Line Task Force did not meet in January. The Task Force is continuing work on plan development with Norfolk Southern. Mayor Foxx expressed willingness to assist wherever needed.

VI. **Public Comments**  
None.

VII. **Action Items**

a. **Selection of Vice Chair**

Mayor Swain nominated Mayor Woods to the position of Vice Chair.

**Discussion:** None.

**Resolution:** Mayor Swain motioned to nominate Mayor Woods to the position of MTC Vice Chair. Mayor Taylor seconded the motion, which passed unanimously

b. **Transportation Demand Management (TDM) Program Resolution**

**Krystal Green**

Krystal Green, CATS Senior Transit Marketing Representative, said that staff received a request for a resolution in their packets to approve CATS' application for an NCDOT TDM grant. The grant allows CATS to further its program for people to get out of their cars and onto buses, trains, carpools and vanpools. CATS has one of the most successful TDM programs in the state, with 85 employers enrolled including major employers such as Bank of America and Wells Fargo. Staff requests that MTC pass the resolution so staff can submit the grant application.

**Discussion:** None.

**Resolution:** Mayor Taylor motioned to approve the resolution; Mayor Swain seconded the motion, which passed unanimously.

VIII. **Information Items**

a. **FY2014-15 Transit Operations and Five-Year Capital Investment Plan (CIP)**

**Dee Pereira**

Ms. Flowers opened the budget presentation with an overview of the 2030 Plan adopted by MTC in 2006. The 2030 Plan was an ambitious plan integrating transit over five corridors which projected annual ridership of 52 million passengers by 2030. We are currently at around 25 million passengers annually. The plan was to be funded primarily through the half-cent transit sales tax. The recession beginning in 2008-2009 significantly reduced all traditional revenue sources including receipts and sales tax revenue, causing operating stress on the system and uncertainty in funding partner stability. Reduced funding impacts implementation schedules, which impacts project costs. The gap between projected and actual revenue has caused staff to make adjustments in the 2030 Plan to maintain fiscal stability. The plan continues to guide the transit system's growth, but project implementation schedules will be slower. In the past five years since 2007, the LYNX Blue Line light rail service was implemented and has achieved national acclaim, the Blue Line Extension has advanced to Final Design and Construction and full funding grant agreement commitments have been awarded, alternatives for advancing the Red Line commuter rail project have been considered and CATS has worked with the Urban Land Institute (ULI) to consider transit options on the Independence Corridor. Staff has managed the operating budget, adding ancillary revenue sources such as advertising, and reduced administrative

and non-core expenses to maintain services at 2008 levels. Revenue receipts have recovered to 2008 levels. Legislative authorizations for transit funding have also been constrained. The Moving Ahead for Progress in the 21st Century Act (MAP-21) was passed for two years with only minor increases to transit. The FY2014-15 Budget and FY2014-18 CIP will grow revenue service hours by three percent, ensuring continued stability for ADA service and customers, while seeking Federal operating assistance to grow services.

Ms. Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, said that tonight's discussion will offer a high-level overview of the budget. Operating income is increasing more than projected, as we see small recovery in the sales tax revenue. Staff has projected a modest 3.5 percent growth in sales tax revenue. Expenses have grown by 3.6 percent. Most capital expenses are constrained, and much of the upcoming capital expenses will be associated with advancing the BLE project. Budget assumptions include sales tax increasing by 3.5 percent per year and advertising by 22 percent, and general capital funding obtained through grants. Debt financing for FY2014 debt is programmed on a cash flow basis, and is anticipated at approximately \$104,500,000. Expenses include contingencies for employee pay increases and benefits. The final figures will be determined by the Charlotte City Council for City employees and through union negotiations for the Bus Operations Division. Fuel costs are estimated to rise by about two percent per year. Bus service grows slowly in the long term plan with the goal of growing the service within available resources.

Highlights in operating income include a three percent escalator to the Maintenance of Effort contributions by the Town of Huntersville, the City of Charlotte and Mecklenburg County, which added \$557,000 to income. A built-in regular fare increase will occur in FY2015. Expenses include 3.6 percent projected growth in Operations and Maintenance, which includes employee health insurance increases and increases in fuel and utility costs, as well as a \$1.5 million operating cost for Streetcar that will be fully recoverable from the City. Examples of FY2014-15 service enhancements include implementing a crosstown route on NC-51 from Pineville to Matthews and a Harrisburg Road Express service, which will be funded through federal operating assistance grants.

The debt program will be discussed in more detail in March. Outstanding debt at the end of last year was \$156.7 million. Short term and long term debt projections have been increased to accommodate delays in receipts of Federal and State funding for the BLE project. This is needed to provide the cash flow needs for the BLE project and keep the project on schedule. Debt financing is a challenging process in the current economic climate and will require strengthening of CATS' financial policies. The economy is recovering, but credit markets are still very conservative. CATS may have to open additional reserve funds. This could potentially impact sustaining and growing the transit system. An earlier debt issuance will be retired in 2014, opening around \$3.5 million for new debt issuances.

The FY2014-2018 CIP program total of \$1.3 billion will be funded through federal state and local funds, with \$576 million going to BLE financing. The CIP will be adjusted if federal funds are impacted by activities at the federal government level. The CIP program will be impacted by approximately \$3.7 million if the state delays matching funding for normal grant activities, as they have done this year, or eliminates matching funding for all transit projects outside of the BLE. Currently, the State pays 50 percent of the local share for federal projects. If that funding is eliminated, we will have to pay the full local share.

Key capital projects programmed for funding in the five-year CIP include 114 buses slated for replacement, 102 ADA-equipped buses and replacement of vanpool vans on alternating years. Staff will continue the five-year overall of the S-70 railcars. All radio equipment will be upgraded to digital radios from analog equipment. The 20-year-old farebox system will be replaced on all revenue vehicles. In addition, the current route scheduling system and the Automatic Train Protection (ATP) system on current railcars will be upgraded.

At the February MTC meeting, operations managers will review operating and capital operating programs. In March, staff will review the rest of the capital program, focusing on debt and the BLE program. Hopefully, MTC will be ready in April to consider both the two-year operating and the five-year CIP budgets for approval and inclusion in the City budgets.

**Discussion:** Mayor Foxx asked whether there was money outstanding on any other portion of the system besides the BLE. Ms. Pereira said that there is no money outstanding on the South Corridor line, but the State has typically matched federal grants for bus purchases and park and ride lots. In addition, the State has said that they will not contribute to the project to extend rail platforms on the Blue Line. Ms. Pereira said that CATS has made provisions to cover the funds we will not receive from the State government; this will impact the fund balance and constrain funding for other projects. Anthony Roberts asked if the \$3.75 million of state matching funding was an annual figure. Ms. Pereira said it was the amount of the annual funds outside the BLE. Mayor Foxx said that it would be helpful to have something showing where the state is pulling back now. Ms. Pereira said that is included in the budget information in MTC members' packets and will be explained in more detail in future budget discussions. This year, CATS anticipates about a \$6 million shortfall in State funds. Mayor Swain said that in future discussions, MTC members would like to know the "what ifs" on Federal funding as well. Ms. Flowers noted that sequestration has been said to have an eight percent impact on transit, so that gives a sense of the magnitude of impact. Ms. Pereira said this will be discussed further at the next meeting. Mayor Foxx remarked that the gap analysis chart is higher than indicated. CATS' project cost doubles as the State pulls out; Ms. Pereira agreed.

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

**Carolyn Flowers**

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

**a. Recognitions:**

Ms. Flowers recognized CATS' budget staff for their work on the budget and led MTC members in a round of applause for the hard work of Austin Hardison, Randy Hunsucker and Chad Howell. Staff has handled constant audits while also doing budget work and requests for information as the financing plan for the BLE was developed. She also led a round of applause for staff in Operations, Safety and Communications for their hard work on First Night. Staff gives up its New Year's Eve to ensure that services are provided for First Night. Maintenance of Effort has been a flat number since MTC's inception; Ms. Flowers thanked the county, the City and Huntersville for the escalator this year on Maintenance of Effort. Ms. Flowers introduced Allen Smith, the new General Manager of Rail Operations. He was formerly responsible for capital programs with Houston Metro. Prior to that, he retired from Chicago Transit Authority, where he was involved in virtually every operating capacity for both bus and rail.

**b. Legislative Issues:**

Staff participated in the legislative briefing with the Mecklenburg delegation on January 14. The discussion included the state legislative agenda. The delegation asked questions about the request for 65-foot buses and about the sunset extension on special assessment districts. Ms. Flowers reported that she will be going to DC next week with Dana Fenton to brief the staff of the new Congressional delegates on the status of CATS' projects and the need for continued transportation funding and appropriations to advance the transit plan.

**c. Miscellaneous:**

Ms. Flowers said that she and CATS Safety and Security managers would attend a meeting with Transportation Security Administrator John Pistole on January 24 to discuss security improvements and transportation. The Charlotte Chamber of Commerce is hosting the meeting.

On January 22, Charlotte City Council approved a zoning ordinance change to allow advertising on platforms. The ads are not permitted to feature alcohol. No more than six ads can be placed at each station; the ads must not be visible from the street. Staff projects approximately \$200,000 yearly additional revenue from this change.

Staff is working with the City of Charlotte Finance Department to prepare for initial discussions with the NC Local Government Commission on the BLE financing plan. A presentation is scheduled for February 6 if the plan is completed next week. CATS will provide specific information in the BLE financing plan's impact on the CATS budget and the operating capacity. More detailed discussions can take place when the financing plan is finalized.

**X. Other Business**

Mayor Foxx recognized new MTC members Lynette Rinker, MTC's new representative from Cornelius, and Julie Burch, Interim City Manager for the City of Charlotte.

Mayor Foxx said that staff will be in touch with members about a workshop in early April to make sure the dates will work on their calendars. He suggested that MTC develop a working group of representatives from the business, community and elected sectors to review and make suggestions on moving transit visions forward with an emphasis on creative and alternative financing and funding mechanisms. Mayor Jill Swain and City Council member David Howard will co-chair the transit funding working group. The goal is to conduct a series of meetings in the winter and early spring with a recommendation to be presented to the MTC in mid to late April. MTC members unanimously agreed to establish the working group.

Mayor Foxx noted that Charlotte City Council will have a planning conference. He invited MTC members to come to a lunch during that conference where invited speakers will discuss transit.

**XI. Adjourn**

The meeting was adjourned at 6:25 p.m. by Mayor Foxx.

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NEXT MTC MEETING: WEDNESDAY, FEBRUARY 27, 2013, **6:00** P.M.