

# METROPOLITAN TRANSIT COMMISSION

## MEETING SUMMARY

April 23, 2014

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**Presiding:** Trevor Fuller (Chairman, Mecklenburg County Commission)

**Present:**

Ron Carlee (Charlotte City Manager)

Scott Jernigan (TSAC Vice Chair)

Todd Steiss (CTAG Representative)

Dena Diorio (Mecklenburg County Manager)

Mayor Chuck Travis (Cornelius)

Anthony Roberts (Cornelius Town Manager)

Mayor John Woods (Davidson)

Mayor Jill Swain (Huntersville)

Greg Ferguson (Huntersville Town Manager)

Ralph Messera (Matthews)

Bill Thunberg ( Mooresville Representative)

Mayor Jack Edwards (Pineville)

**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 5:35 p.m. by MTC's Chairman, Commissioner Fuller.

**II. Review of Meeting Summary**

The meeting summary of March 26, 2014 was approved as written.

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

**Scott Jernigan**

Mr. Jernigan reported that TSAC met on April 10 and received an update on comments made at the March Public Hearing and afterward on the proposed fare increase. TSAC members also asked staff about the transfer process and whether the time limit for transfers should be shortened to 30 minutes from 90 minutes. After discussion, TSAC voted 8-1 to approve the fare increase. The committee also unanimously approved proposed service changes.

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

**Todd Steiss**

At the April meeting, Mr. Steiss reported that CTAG discussed issues raised at the March Public Hearing including bus cleanliness, operator customer service issues and scheduling/ on-time service. CATS staff discussed how they will deal with these issues. After discussion, CTAG unanimously approved the fare increase and recommended that the debt/service fund and the budget be approved. CTAG passed the FY2015-2019 Transit Investment Plan in a unanimous vote.

**V. Red Line Task Force Update**

**Mayor Woods**

Mayor Woods said that CATS staff continues to work with Norfolk Southern (NS) staff to prepare a White Paper of the O line. Mayor Woods said that he hopes the Paper will be complete soon, but the challenges remain significant. The relationship with NS and their willingness to allow the O line to be used as a passenger line remains an issue; however, passenger use on the O line would spark considerable development and thus is worth pursuing.

**VI. Transit Funding Working Group (TFWG) Update**

**Jill Swain**

Mayor Swain said that the TFWG has four subcommittees. On April 3, the subcommittee on funding and financing presented their action plan to the entire group, a diversified portfolio of options, opportunities to leverage federal dollars through grants and financing options to fund the build-out of the entire system. Mayor Swain introduced Sammy Hicks, III, to present the action plan to MTC.

Mr. Hicks said that the population in the Charlotte-Mecklenburg region is projected to increase over 20 percent over the next eight years. The demographic changes will compound the increase in demand for mobility options; the next generation of professionals will be less inclined to own cars as baby boomers retire. The TFWG's action plan provides a balance between growth and impact on the community.

As there is no silver bullet to fund the system, the TFWG's goal was to develop a diversified portfolio of resilient funding sources. Federal and state participation is critical, so the team sees a need to refine the vision for the 2030 Transit Plan continually to ensure a pipeline of cost-effective programs. We must build a transit system that is cost effective to maintain to ensure sustainability. The action plan involves a work plan which includes 90-day check points.

The funding action plan is based on various funding sources from small-scale funding for the purpose of sustaining operations, to moderate scale funding that can kick-start a project when added to federal and state participation funds, to large scale funding sources that can complete multiple projects. System-wide voluntary value capture and reinvestment will be important.

Tina Votaw, CATS Transit Oriented Development Specialist, reviewed the proposed Value Capture Task contained in the report's Appendix A. Staff is already working on this task and is preparing a Scope of Work. Ms. Votaw indicated that the Value Capture Task is strictly limited to analyzing and quantifying the change in property values adjacent to several of the existing or proposed transit corridors. The information will then be presented to the City of Charlotte and participating Towns to determine if those entities are willing to contribute a portion of the revenue from the increase in property values. That contribution would be used for reinvestment into the capital plan.

In the short term, sales tax revenue is important. Near-term ancillary revenues such as a mobile transit app, naming rights, and advertising on buses and transit vehicles can also be valuable sources of revenue. Medium-term ancillary revenues could include developer contributions. Medium to long term ancillary revenue could include parking fees. For long term revenue, the TFWG recommends pursuing the authority for referenda on additional sales tax, Special Assessment Districts, Municipal Service Districts and system-wide Tax Increment Financing. The financing action plan includes short term, mid-term and long term financing options. The 90-day work plan from April to June will require commitment and support from MTC, elected officials and key stakeholders such as business and community leaders, resulting in a diversified portfolio of resilient funding sources and financial instruments to realize the 2030 Transit Plan vision. Success will require increased public awareness of the 2030 Plan and funding challenges, support and buy-in from elected boards and councils as well as the General Assembly, endorsement from business and community leaders and an updated 2030 Transit Plan to keep up with the rising demand for mobility options.

Mayor Swain reminded MTC members that the TFWG is comprised of volunteers who believe in the transit system. The TFWG is willing to volunteer on MTC's behalf to work toward a better transit system. Mayor Swain said that the plan is ambitious but it gets us where we need to be. It will require MTC members' support, as well as buy-in from the State. The TFWG requests MTC support and concurrence for use of CATS staff and consultants to achieve the goals and endorsement from MTC, TFWG and elected officials.

**Discussion:** Ms. Diorio asked when MTC would need MTC's action. Mayor Swain said that it is MTC's decision. When significant steps have been achieved, TFWG will return to MTC to request support. Mayor Woods said that MTC have had experience in Tax Increment Financing (TIF) and Special Assessment Districts (SADs) as plans for the Red Line have developed. TIF is a timing issue on which we should move forward. The other issues will have their own individual critical path and developments. The Red Line will need a TIF and the sooner the better. Mr. Thunberg said that he agreed that now is the time for action to fund the entire 2030 Transit Plan. We can no longer delay and wait on the answer for the state and federal agencies; they are waiting for us to act first. This is needed for our communities to be prosperous in the future. Commissioner Fuller said that a well-thought-out plan would help. Mayor Travis asked Mayor Swain how she viewed the process working moving forward. Mayor Swain said that it will depend on the will on the MTC. Ms. Flowers said that the first step will be the value capture study to quantify the value transit would create. She felt MTC would need a range for what each of the value capture mechanisms could produce in deciding how and where to move forward. Mayor Woods said that we have the authority to TIF; perhaps it would be wise to prioritize our efforts with the ones on which we can move forward now. Council member Howard said that even the authority to create TIF is not structured exactly the way we would prefer. Part of the agenda is to ask for legislative changes to improve TIF so that it better meets the needs. The tool box is limited to what will make sense, but we will need all the tools in the tool box. The most important would be Transportation Infrastructure Finance and Innovation Act (TIFIA) financing, which would allow CATS to borrow. It has been at the top of the legislative agenda for a while, but all the funding options are important. Mayor Swain commented that we probably have to start on everything. Commissioner Fuller said that there is benefit in thinking out the total plan before moving forward, and that is what this process provides. Ms. Flowers said that she had planned to discuss during her report a meeting with Triangle Transit and Piedmont Authority for Regional Transportation to speak of agenda coordination for the future, so the changes we seek are not perceived as Charlotte-centric ones. The legislative changes we seek are changes that other transit partners also need to expand their systems; they face the same funding constraints. Each of the major urban areas is trying to ensure flexibility to pursue transit projects. Streetcar, light rail and transit oriented development projects under consideration around the state need funding options.

Dee Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, said that the committee set up the financing plan with short term, medium term and long term objectives. The value capture exercise will give the data needed to move forward with pursuing TIF legislation. Longer term objectives will build on one another; the committee set up the action plan with prioritizations based on how the objectives will work together.

## **VII. Public Comments**

None.

**VIII. Information Items from March 26**

**a. CIP – Rapid Transit and Other Key Capital Projects**

**John Muth**

Mr. Muth, CATS Deputy Director, reviewed five rapid transit and key capital projects projected for capital expenditures in the next five years: the LYNX Blue Line Extension (BLE), Light Rail Maintenance Facility Expansion, Cornelius Park and Ride Lot, Transit Bridge Inspection and Repair Program and LYNX Silver Line Alternatives Analysis. Funds have also been programmed for Red Line study, LYNX Blue Line Capacity Expansion to upgrade LYNX Blue Line from two-car to three-car capacity, Phase 2 of the CityLYNX Gold Line, working with the state on the future Charlotte Gateway Station (CGS). The state is working with NS on track alignments and capacity modeling for CGS.

**Discussion:** Mayor Woods encouraged CATS to take a lead role in providing local impetus for CGS, a key project. While he was not suggesting that the State relinquish its development role, Mayor Woods said that CGS should be a co-development between CATS and the state.

**IX. Action Items**

**a. Title VI Fare Equity Analysis**

**Arlanda Rouse**

Mr. Rouse, CATS Civil Rights Officer, said that CATS must perform a fare equity analysis to ensure we are not discriminating against certain populations when considering raising fares since CATS receives federal funds. FTA sets forth criteria CATS must follow to ensure that fare increases do not impose a disparate impact or disproportionate burden on minorities or low income individuals. Within the CATS service area, the majority of low income and minority individuals are purchasing rides at full cash fare, which is consistent with comments made at the Public Hearing; 59 percent of low income passengers pay full cash fare and 52.5 percent of minorities pay with a full cash fare. There is an inherent disparate impact/ disproportionate burden with any fare increase. During the Public Hearing, one individual said that she purchases a weekly pass because the monthly pass is outside her budget. To mitigate fare increase effects, CATS proposes to increase advertising about fare passes and to change the proposed price of the weekly pass to a 10 percent increase, which is consistent with the increase proposed for other fare types. CATS Civil Rights staff proposes advertising the most economical pass types for minority and low income communities and continued distribution of volume discounted passes to 151 organizations that are 501(c)(3) nonprofit organizations. Staff has begun researching nonprofits' pass programs to help increase effectiveness.

**Discussion:** Mayor Swain asked if the low income percentage was only minorities. Olaf Kinard, CATS Director of Marketing & Communications, said that the low income percentage is income-based; not all low income people are minorities. Mayor Swain asked for details of advertising under the proposed mitigation efforts. Mr. Rouse replied that CATS will continue to advertise on bus exteriors and interiors about the lower rates available for weekly passes, the most economical pass type. Mayor Swain noted that nonprofits are not always social organizations and asked about the targets for the nonprofits. Mr. Rouse said that there are currently 151 nonprofits that purchase volume passes. To determine how many are targeting either minority or low income communities for pass distribution, staff will reach out to those nonprofits to develop partnerships. Mr. Messera asked the budget cost of increasing the weekly pass by ten percent instead of 12.8 percent as originally estimated. Ms. Flowers replied that there is no impact; the final budget was calculated at a ten percent increase. Mr. Steiss asked if there was an analysis of where the nonprofits are located. Mr.

Kinard said that a requirement of the program is that any nonprofit organization purchasing volume discount passes must have a large percentage of its client base at or below poverty level, such as Urban Ministries, the Department of Social Services or churches working with communities that are at or below the poverty level. Typically, the nonprofits purchase passes monthly, quarterly or when they run out. Mr. Steiss asked if CATS had reviewed where the nonprofits are located in relation to minority and low income communities. Mr. Kinard replied that CATS has reached out to a large number of the organizations. Mr. Jernigan suggested that CATS reach out to some of the nonprofits to broaden their client base for their volume pass programs. Mr. Jernigan said that a lot of people who get on the bus do not have the opportunity to buy a weekly or monthly pass on the bus as train riders do. Perhaps CATS could look into giving riders a \$2 credit at the Transit Center on a weekly or monthly pass if they present the bus ticket they used to get to the Transit Center, to encourage people to use other payment options. Mayor Swain commented that she liked that idea. Mr. Messera asked if staff had looked into why people buy single fares. Mr. Rouse said that the single fare purchasers typically do not travel daily. They buy single fares unless they know they will be traveling on a daily basis. Mayor Travis asked how many people participated in the workshops and ride-along interviews. Mr. Kinard said that the on-board survey numbers in recent years are around 600, less than formerly due to budget constraints. CATS also conducts online surveys, typically of LYNX riders, who respond in higher numbers to online surveys.

**Resolution:** Mayor Swain motioned to approve the staff recommendations, with the addition of Mr. Jernigan's suggestions to investigate and possibly implement a program to give people a \$2 credit at the Transit Center on a weekly or monthly pass if they present the bus ticket they used to get to the Transit Center and to reach out to the 151 organizations that offer volume discounted passes to help increase their pass programs' effectiveness. Staff recommendations were to approve proposed marketing efforts, to increase the price of the weekly pass to 10 percent over the current rate rather than the initially proposed 12.8 percent and to decrease the proposed price of the one-day pass. Mayor Travis seconded the motion including Mr. Jernigan's suggestions. The motion passed unanimously.

**b. FY2014-2015 Operating Budget and  
FY2014-2018 Capital Investment Plan**

**Dee Pereira**

Ms. Pereira said that this meeting marks the end of the budget process. MTC must approve a program by April 30. Staff has made three administrative changes to the budget since it was presented in January: four temporary (75 percent) positions are converted to part-time (75 percent) positions, with no change in the budget; adding \$200,000 for CATS' share of the City's new general ledger system, Enterprise Resource Planning System Support Center. This expense was a late addition, and so CATS will seek to absorb the cost through the year. The third change is in the format of Attachment 1. Sales tax revenue will be received into the Debt Service Fund and a portion allocated to the Operating Fund, and will not affect the budget's bottom line.

The Debt Service Budget receives sales tax revenue and uses sales tax and grant revenue to pay budgeted debt service expense. The operating budget will include the 20 cent increase in the base fare effective July 1, 2014, a 3.6 percent increase in O&M costs, a 6,150 hour increase in bus revenue service hours and 20 regular and four part-time positions. The five-year capital budget includes BLE construction, asset maintenance, the Transit Bridge

Maintenance Program and to upgrade fare media and radio technology. Ms. Pereira thanked Austin Faulk and Ethan Smith for their hard work on the budget.

Larry Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, said that there was a question at last month's meeting about the STS fare. The Americans with Disabilities Act (ADA) allows transit systems to charge up to 2.5 times the cost of regular fares because it is a more expensive service to provide. CATS' STS fare will still be under two times the cost of the local fare. It is a door-to-door service. The concern with keeping the fare low is that may create increased demand for STS which already operates near or at capacity.

**Discussion:** None.

**Resolution:** Ms. Diorio motioned to approve all the budget approval items; Mayor Woods seconded the motion, which passed unanimously. The recommended budget includes a 20 cent increase to the base fare effective July 1, 2014, FY2015 Transit Debt Service Fund and Transit Operating Fund budgets, FY2015-2019 Transit Community Investment Plan, and authorizes CATS' CEO to present the MTC-approved budgets to the Charlotte City Council for review and inclusion in the City of Charlotte budget.

**c. MTC Representative to CRTPO**

**David McDonald and John Joye**

Mr. McDonald, CATS Transit Planning Manager, referred MTC members to handouts on the Metropolitan Planning Organization (MPO), now called the Charlotte Regional Transportation Planning Organization (CRTPO). Mayor Swain has asked to step down as MTC's representative to the CRTPO, so the action is for MTC to choose a new representative and an alternate. It would be preferable to nominate someone not already on the MPO to avoid the appearance of any conflicts of interest.

Mr. Joye, Senior Assistant City Attorney, said that in North Carolina, by Statute, an individual can hold one elected office and one appointed office. Membership on MTC does not count against the tally of appointed office because MTC offices are held ex officio, by virtue of the elected office. However, an MTC appointee CRTPO will hold the one appointed office allowed by law. CRTPO's rule is that the appointee be an elected official. The alternate will be important so if there is a conflict for the representative, the alternate can step in.

**Discussion:** Mayor Travis said that Mayor Taylor already serves on CRTPO, so he attends the meetings now. Mayor Woods said that the opportunity for a conflict of interest was low and could be planned around. Mr. Messera said that the by-laws require an elected official as MTC representative. Mayor Woods asked if the elected requirement can be adjusted. Mr. McDonald said that CRTPO put in the elected requirement purposefully, so a change would need to be discussed with them. Bill Thunberg said that he attends the meetings but cannot vote. Mayor Swain asked if MTC could bring this back to next month's meeting to ask Mayor Taylor.

**Resolution:** MTC deferred the item until May.

**X. Information Items**

**a. 5307 and 5310 Funding**

**David McDonald**

Mr. McDonald said that the 5307 and 5310 programs are among CATS' largest sources of federal program funding. 5307 is the Urbanized Area Formula Program for transit capital and operating assistance. 5310 Enhanced Mobility for Seniors and Individuals with Disabilities are competitively awarded funds for projects that serve special needs of the transit-dependent, going beyond ADA requirements to provide alternatives to public transportation and improve access to fixed route service. The 5310 funds replace the New Freedom and Job Access Reverse Commute programs. Following the 2010 census, part of Iredell County was re-designated into the Mecklenburg urbanized area, so they are no longer eligible for some rural funding for their transit agency. Mr. McDonald reviewed possible ways for CATS and the smaller Iredell County transit agencies to share funds. They would like to be a sub-recipient; CATS would like for them to be a direct recipient. CATS does not want to share funds for the fixed guideway tier with Iredell County, which has no fixed rail transit, but we do want to share the funds for the bus tier. After the 2010 Census, the region moved into the formula for urban populations over 1 million, which includes much larger cities such as New York and Chicago. Mr. McDonald reviewed the formula used in North Carolina's Triangle area and the LA Metro area. The CRTPO draft formula uses a model based on expenses and service, with a third of the share based on three areas: annual vehicle revenue miles, bus equivalent fleet size and ridership. Based on this formula, CATS would receive \$16.3 million and Iredell County's iCATS would receive \$225,366.

**Discussion:** Mr. Roberts asked what iCATS received before. Mr. McDonald said that this represents about \$100,000 less than they received formerly, but they can also apply for rural funds for the areas outside the metropolitan boundaries. Both agencies will receive less money than before, and will work through the issues of designating iCATS as direct or sub-recipient.

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

**Carolyn Flowers**

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

**a. Bike! Charlotte:**

Ms. Flowers said that Bike! Charlotte is April 25 through May 11. Mr. Carlee is participating this year. CATS will allow passengers with bicycles to ride the system for free on May 4-10. Ms. Flowers said that CATS' solar panel installation at the Tryon Facility was mentioned in media coverage of Earth Day.

**b. Transit Meetings:**

CATS hosted the annual conference of the North Carolina Public Transportation Association (NCPTA) in April. The annual conference was previously held in Wilmington, but NCPTA wants to return to Charlotte next year. John Muth is on the planning committee for Rail~Volution. Charlotte was slated to host Rail~Volution for 2016 but hotel availability needs to be worked out. CATS will work with CRVA to reconcile the hotel issues.

**c. Budget Update:**

Staff continues to monitor sales tax receipts. There is still a deficit in sales tax revenues year-to-date, but staff hopes to make it up by end of the year.

**d. Ridership:**

Ridership was significantly impacted by the weather in February and the beginning of March, but seems to be tracking back to normal levels.

**XII. Other Business**

Commissioner Fuller presented Lynette Rinker with a plaque commemorating her service on MTC in 2013. Commissioner Fuller also presented a plaque commemorating Council member Patsy Kinsey with a plaque commemorating her service as MTC's chair in 2013 while Interim Mayor.

**XIII. Adjourn**

The meeting was adjourned at 7:30 p.m. by Commissioner Fuller.

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NEXT MTC MEETING: WEDNESDAY, MAY 28, 2014, 5:30 P.M.