

METROPOLITAN TRANSIT COMMISSION

MEETING SUMMARY

January 27, 2016

Presiding: Trevor Fuller (Chairman, Mecklenburg County Commission)

Present:

Joshua Niday (TSAC Co-Chair)	Mayor John Aneralla (Huntersville)
Melvin Feliu (CTAG Co-Chair)	Greg Ferguson (Huntersville Town Manager)
Rob Watson (CTAG Co-Chair)	Mayor Jim Taylor (Matthews)
Mayor Chuck Travis (Cornelius)	Hazen Blodgett (Matthews Town Manager)
Mayor John Woods (Davidson)	Mayor Jack Edwards (Pineville)
Jamie Justice (Davidson Town Manager)	Bill Thunberg (Mooresville Representative)

Chief Executive Officer: John Lewis Jr

I. Call to Order

The regular meeting of the Metropolitan Transit Commission was called to order at 5:40 p.m. by MTC's Chairman, Commissioner Trevor Fuller. At Commissioner Fuller's invitation, MTC members introduced themselves.

II. Review of Meeting Summary

The meeting summary of November 18, 2015 was approved with one change. Mayor Taylor requested that the minutes be amended on page 4 to reflect that he said that we "may not ever" get under or over 485 rather than "will never."

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

Joshua Niday

Mr. Niday reported that TSAC met on January 14, led by the new Chair Michael Warner and Mr. Niday, the Co-Chair. Mr. Niday is a student in Charlotte who rides the bus on N. Tryon Street. Three information items were discussed: the new information campaign to improve pedestrian safety; a status update on the LYNX Blue Line Capacity Expansion Project (BLCE) to upgrade four stations to accommodate 3-car trains by the summer; and a report on CityLYNX Gold Line Phase 2, which will entail the use of modern streetcar vehicles from the Charlotte Transportation Center through the Square Uptown.

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

Rob Watson

Mr. Watson reported that CTAG met twice since the last MTC meeting, in December and January. Mr. Watson introduced Melvin Feliu, the new Co-chair. In December, CTAG learned about the fare technology program and the Southeast Corridor's Silver Line. In the January meeting, CTAG received an update on the LYNX Blue Line Extension (BLE). CTAG will receive budget updates beginning in February and will make a recommendation to MTC in April.

V. Transit Funding Working Group Update

There was no update, but Commissioner Fuller recognized the service of former Mayor Jill Swain to that group.

VI. Public Comments

Christopher McMillan welcomed the new committee members and new CEO. He asked for the committee's continued support by whatever means necessary, including fare increases, for his area of Charlotte, Old Stone Crossing in the University area. He continues to see bus service and paratransit reductions in the University area. As a disabled user of systems such as New York, Los Angeles, Atlanta and Chicago, he is concerned at service reductions in this growing area.

VII. Action Items

a. Selection of MTC Vice Chair

MTC

Mayor Taylor nominated Mayor Woods, who has served in the role in the past.

Discussion: Mayor Woods said that it is his honor to be nominated.

Resolution: Mayor Taylor motioned to approve the nomination of Mayor Woods for MTC's Vice Chair; Mayor Edwards seconded the motion, which passed unanimously.

b. NCDOT Transportation Demand Regional Grant Resolution

Krystal Green

Ms. Green, CATS Public & Community Relations Manager, said that one of the conditions of NCDOT's Transportation Demand Management (TDM) program is that it be approved by the Board prior to the grant application's submission. CATS submits a grant application for the TDM program annually. The grant funds allow CATS to reach out to employers.

Discussion: Mayor Woods noted that this was discussed at the November meeting.

Resolution: Mayor Woods motioned to approve the TDM grant application to NCDOT; Mayor Taylor seconded the motion, which passed unanimously.

VIII. Information Items

a. FY2017/ 18 Budget Overview

John Lewis/ Dee Pereira

Mr. Lewis said that CATS is highly regarded nationwide. Many transit agencies look to CATS for problem-solving and to examine best practices. CATS' staff and the leadership of MTC led CATS through the Great Recession. The state of the agency is good. CATS closed its first Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, which will save \$32 million over the loan's life. CATS also received a perfect score on its triennial review for the second time. CATS will host the 2016 APTA National Bus Conference in May. CATS' goal for opening the BLE is summer 2017, well ahead of the FTA deadline of March 2018. CATS has also received significant federal grant awards for Charlotte Gateway Station and Phase 2 of the CityLYNX Gold Line. CATS also faces challenges in areas such as ridership, managing construction contracts and project schedules and aged fare collection technology. This budget addresses those challenges.

Mr. Lewis said that transit faces a new era across the country. There are demographic shifts, technology advances and a new shared use economy that has brought about a change about how people think about mobility and how they make choices in the marketplace. The new mobility paradigm includes major demographic shifts in society leading to a resurgence of urban areas with higher levels of mobility options. CATS' goal with this draft budget is to address the opportunities and challenges through delivering on our promises for the capital program and to continue the outstanding financial stewardship staff has provided over the

years. CATS also seeks to upgrade technology and leverage assets to poise the agency to address the changing mobility paradigm as we move forward.

Financially, sales tax revenue is recovering as we emerge from the Great Recession. CATS will continue to move forward with conservative estimates of three percent growth over the prior year. CATS will evaluate recommendations from the Transit Funding Working Group and seek to leverage new funding sources. Staff will continue to lock in fuel purchases to ensure budget stability. FY2017 highlights include moving the BLE into revenue service, anticipating over 18,900 additional daily riders and creating over 150 permanent new jobs. Mr. Lewis introduced Ms. Pereira to discuss details of the budget.

Ms. Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, referred MTC members to the budget handout distributed at the meeting. The FY2017 recommended budget operating revenue increases to \$139.4 million, a three percent increase from the FY2016 adopted budget. Operating expenditures increase to \$123.2 million. The Operating balance of \$16.2 million is distributed from operating to the capital plan. Those funds are used in the capital plan to provide the local match for federal grants. Ms. Pereira said that CATS projects a 0.4 percent increase in ridership, for a total of about 25 million riders, and a 0.8 percent increase in revenue service hours, to just over 9,000 hours, to meet customer needs for weekend and night services as well as congestion mitigation.

Ms. Pereira reviewed how CATS allocates sales tax revenue. In addition to sales tax, the largest source, revenue is collected from fares and service reimbursements; Maintenance of Effort; funds received from the City of Charlotte, Mecklenburg County and the Town of Huntersville; and Operating Assistance from grants and other miscellaneous grants and sources. Increases in Operating Expenditures will be allocated primarily to direct services such as bus, rail, vanpool, STS and other services. About 20 percent is allocated for direct support services, transit development, marketing and technology and the executive and finance divisions. Ms. Pereira reviewed staffing levels proposed for FY2017. CATS has been conservative in staff increases since the recession. Staffing levels were flat from FY2011 through CATS FY2014. Positions were added in FY2015, primarily for safety. In FY2017, the number of City positions will increase further, related to LYNX Blue Line Extension (BLE) implementation.

The debt service program is governed by MTC's Financial Policies. CATS' revenue reserve is projected to be \$21.8 million by the end of FY2016. The fund balance continues to remain above \$100 million. Sales tax and grants are used as revenue sources to pay for annual debt service expenditures. New debt financing will be undertaken for the Fare Equipment and Systems project for new fare boxes, ticket vending machines and smart cards, as well as Phase 2 of the LYNX Blue Line Capacity Expansion project to extend 11 platforms and implement system upgrades.

Ms. Pereira reviewed five-year sources and uses of funds. The five-year Community Investment Plan (CIP) will complete the BLE and both phases of the BLCE. There are also projects for studies of other corridors; new fare collection equipment and Smart Card technology; Automatic Train Protection on all rail cars as mandated by USDOT; replacement of 284 revenue vehicles, including 15 vehicles for expansion of the STS fleet; maintenance of light rail bridges and alignments; and technology. Five-year CIP projects funded by others

include completion of CityLYNX Gold Line Phase 2 and relocation of Amtrak tracks to the Charlotte Gateway Station.

Discussion: Mr. Roberts asked what the fund balance was projected to be at the end of FY2016. Ms. Pereira said that it is projected to be about \$114 million; it was \$119 million at the end of FY2015. CATS is required to maintain an unobligated \$100 million balance at year-end. CATS also has a revenue reserve fund, the balance of which will be \$30 million. Mr. Roberts asked what percentage was projected for merit increases. Ms. Pereira said that increases in the budget for bus operators and mechanics are the actual amounts negotiated with the unions. For the City, CATS has estimated a three percent increase. Mr. Roberts asked about Cost of Living Adjustments (COLA); Ms. Pereira replied that CATS typically does not know cost of living adjustments while preparing the budget since we are ahead of the City's process, so CATS uses a 3 percent projection. The City of Charlotte gives only merit increases, with no Cost of Living Adjustments.

Mayor Aneralla asked where CATS comes up with the money to cover the debt service. Ms. Pereira reviewed how CATS allocates income, with debt service deducted up front. With Federal funds, CATS staggers the budget to match actual revenues coming in. We have been lucky that the funds for the BLE are budgeted according to the Full Funding Grant Agreement. For other Federal funds, we do try to make sure the money comes in before we allocate it.

Mayor Taylor asked how far ahead we lock in fuel prices. Mr. Lewis said that staff constantly monitors the futures market. Currently, we try to lock in for a year, a floating year locking in portions of the year's purchases. CATS recently locked in about 64 percent of next year's fuel needs at a very good price. While there are some unleaded vehicles, the vast majority of the fleet is diesel. The average across all future contracts is \$1.87; the budgeted price was \$2.12. Mayor Travis asked about five-year capital projects funded by others. In the Gateway project, he asked if the Amtrak tracks project included construction of the station. Mr. Lewis said that CATS is working with our partners at NCDOT and the City to come up with the rest of the portion. The entire first portion of the project is constructing the rail and bridges associated with bringing Amtrak service to Uptown. The next stage is the station; the City seeks a partner for a public-private partnership (P3) for that project. They are separate projects. The rail portion will be done in the next five years. Commissioner Fuller asked how CATS arrives at the sales tax forecast figures, whether CATS works with the County as the tax collector, or the City. Ms. Pereira said that the transit sales tax is done through the City Treasurer's Office. Transit sales tax comes in based on sales distribution, with no population component. CATS works with the City to arrive at the figure and we are in line with the City.

IX. Chief Executive Officer's Report

John Lewis

Under the CEO's report, Mr. Lewis discussed the following:

a. Ridership Update:

Mr. Lewis said that over the last several quarters, the stated ridership decrease was up to ten percent. As staff dug into the issue, it became clear that choice riders may have chosen other options with the decrease in gas prices. Another issue is old fare box equipment, which is failing at a high rate. The challenge is figuring how many people are not counting due to fare box failures. The normal procedure when a fare box fails is to complete the trip

to minimize passenger inconvenience; passengers along the route ride free and are not counted. The shared use economy also impacts transit. CATS intends to take advantage of technology advances to provide more efficient and effective transportation options for residents. This may include other options besides CATS as a transit vehicle. Transportation agencies need to become not just mode providers, but mode facilitators. CATS does a fantastic job of moving large numbers of people along large corridors; we are less efficient at moving off the large corridors and moving a few people here and a few people there. We have had preliminary conversations; the answer will not be a quick one, but we will partner with the private sector for those first- and last-mile connections. At the same time, changes in Federal policies are needed. If we become facilitators to provide options, even if they are not on a CATS vehicle, we should not be penalized for that. Fare box replacement should take care of a good portion of the apparent ridership decrease and becoming transit facilitators will also better help meet mobility needs for our customers into the future.

Discussion: Commissioner Fuller asked if we had an idea of what the cost would be for fare box replacement. Ms. Pereira said that CATS currently has a Request for Proposals out on fare boxes, and that should be back at the end of the month. Ticket Vending Machines (TVMs) are included in the BLE project, and replacement of current TVMs is also planned. Smart Cards will be at the end of the project.

b. MTC Representative to CRTPO:

Mr. Lewis said that at the October meeting, MTC had a discussion on the Charlotte Regional Transportation Planning Organization (CRTPO) representative. There have been conversations with CRTPO to change their requirement that the representative from MTC be a voting member of MTC. The current representative position is open. John Joye, Assistant City Attorney said that CRTPO rules indicate that the Chair is the only elected official who can act for MTC. It is up to the Chair to appoint a representative, or to ask for input from MTC members.

Discussion: Mayor Taylor asked whether MTC's representative will have a directed vote from MTC. Mr. Joye replied that MTC can direct the representative to vote if it so chose, or can leave it up to the representative to vote as they see fit.

Mr. Thunberg noted that the representative cannot be a dual representative; an individual cannot represent their jurisdiction as well as MTC. Mr. Fuller said that made it difficult. Mr. Lewis said that we hope to be on CRTPO's agenda at the February meeting; right now, the MTC representative position is vacant on CRTPO. Mayor Woods volunteered to serve in the position until the request is resolved with CRTPO, so Commissioner Fuller said that he would appoint him to the position.

X. Other Business

None.

XI. Adjourn

The meeting was adjourned at 6:40 p.m. by Commissioner Fuller.

NEXT MTC MEETING: WEDNESDAY, FEBRUARY 24, 2016, 5:30 P.M.