
Minutes City of Tempe Ad Hoc Transit Fund Committee June 22, 2009

Minutes of the City of Tempe Ad Hoc Transit Fund Committee held on Monday, June 22, 2009, 9:00 a.m., at the Transportation Center Don Cassano Community Room, Tempe, Arizona.

(MEMBERS) Present:

Don Cassano, Ben Goren, Jayson Matthews, David Strang

(MEMBERS) Absent:

Steven Saiz

City Staff Present:

Tanya Chavez, Joe Clements, Dawn Coomer, Carlos de Leon, Tom Duensing, Jerry Hart, Shelley Hearn, Dana Janofsky, Ken Jones, Gregg Kent, Jyme Sue McLaren, Tom Mikesell, Amanda Nelson, Bonnie Richardson, Holly Stennerson, Sue Taaffe, Shaun Yunt

Guests Present:

Charles Huellmantel, Judi Nelson

Jayson Matthews called the meeting to order at 9:00 a.m.

Agenda Item 1 – Public Appearances

There were no public appearances.

Agenda Item 2 – Review of Baseline Financial Forecast

Carlos de Leon provided an updated memo from what was provided in the packet.

Joe Clements provided a baseline budget overview showing where funds currently are and where they need to be in the long range forecast, and two options/strategies for getting there.

- At current rate, fund balance will become negative in FY 2016/2017.
- Expenditures currently higher than revenue; need to close gap in next several years with overall program reductions with a smooth transition.
- A reduction of approximately \$8.7 million annual recurring operating expenses is necessary.
- Reduce total overall program to stabilize fund balance to be equal or greater than revenue balance.
- Option one requires cuts in recurring operating expenses each year. Annual cuts range from \$1.3 million to \$2.1 million in the first five years and \$240,000 in the last two years. Fund balance would stabilize at approximately \$35 million with revenues matching expenditures.
- Option two uses \$30 million in fund balance to partially pay down outstanding debt and reduce annual recurring operating expenses by \$7.5 million over four years. Annual recurring cost

savings of \$1.275 million would be saved with a total interest savings of \$25 million over the life of the bond. An additional reduction of \$6 million would be required in a three year period. Fund balance would stabilize at approximately \$6.7 million with revenues matching expenditures.

- Long Range Forecast Models do not address any potential changes in Valley Metro's long range financial forecast or the Transit Lifecycle Program (TLCP).
- Possibility of a Mill Avenue Street Car Program will have impact on operating budget.
- Task is to determine percentage and timeframe for reduction of operating costs for a sustainable program based on growth rate and incoming revenue.
- Create policy for fund balance to reduce additional debt as much as possible.

After further discussion and review of the two options, members of the Committee are at consensus with option two and would like to see additional alternative financial scenarios at the August meeting.

Agenda Item 3 – Alternative Strategies

The Committee discussed the following alternative strategies:

- Option of using additional fund balance to reduce outstanding debt
- Increase revenue

Agenda Item 4 – Next Steps

Joe Clements will provide alternative financial scenarios at the next meeting. Transportation Committees will meet to discuss potential financial reductions.

Jayson Matthews adjourned the meeting at 10:00 a.m.

The Committee's next regular meeting will be held Thursday, August 6, 2009 at 9:00 a.m. in the Don Cassano Community Room, 200 E. Fifth Street, Tempe, Arizona.

Prepared by:
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Reviewed by:

Carlos de Leon