
Minutes City of Tempe Ad Hoc Transit Fund Committee August 6, 2009

Minutes of the City of Tempe Ad Hoc Transit Fund Committee held on Thursday, August 6, 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, Shelley Hearn, Ken Jones, Greg Jordan, Gregg Kent, Glenn Kephart, Jyme Sue McLaren, RC Noderer, Bonnie Richardson, Cecilia Robles, Chris Salomone, Holly Stenneron, Sue Taaffe, Robert Yabes, Shaun Yunt

Guests Present:

Judi Nelson

Jayson Matthews called the meeting to order at 9:07 a.m.

Agenda Item 1 – Public Appearances

There were no public appearances.

Agenda Item 2 – Review of Financial Forecast Assumptions

Carlos de Leon presented the following information:

- Joe Clements will be reviewing the financial spreadsheet alternative strategies per the Committees request from the last meeting.
- Two strategies were presented. The Committee agreed to focus on using the fund balance to pay down outstanding debt and reduce annual recurring operating expenses.
- Additional information was requested for alternative scenarios that will affect the outcome of the financial forecast.
- Currently there is no fund balance policy. Financial Services has provided a recommendation.
- The next step is to finalize the overall strategy and send information to Committees for further research.
- The Committees will report back to the Ad Hoc Committee, which will make recommendations to the Transportation Commission.

Joe Clements presented the Transit Operations Expenditures by Source and Long Range Forecast Model.

- The fund balance will become negative in FY 2014/2015 if Public Transportation Fund (PTF) is delayed.
- Need to make necessary expenditure reductions to bring fund balance back into the positive.
- Pay down debt service as much as possible.
- Transit Operations - Expenditures by source include: Bus Operations, Light Rail Operations, Debt Services, Salaries/Benefits and Other Operations.
- There has been a sales tax reduction this year which is expected to increase over the next few years.
- Early reimbursement of 19 million dollars for light rail will be received this year and next fiscal year. The reimbursement will be used to retire 30 million dollars of debt.
- Currently using fund balance and bonding for operating costs.

Agenda Item 3 – Proposed Fund Balance Policy and Revised Recommended Strategy

- Financial Services Department recommends a 25% fund balance based on total expenditures.
- Increase payoff from 30 million dollars to 40 million dollars using fund balance to partially retire debt.
- Reduce annual recurring operating expenses.
- Additional reductions in service or increase in sales tax is needed to maintain 25% fund balance.
- The revised recommended strategy would balance forecasted costs and provide an estimated fund balance of 10 million dollars.
- This strategy would change the annual debt payment from 8.3 million dollars to 6.6 million dollars.

Agenda Item 4 – Additional What If's

Delays in Regional Transit Life Cycle Funding

- Proposition 400 and Transit Life Cycle Program (TLCP) may cause a financial shortfall for bus services.
- Additional cuts in service or increased revenue will be needed.
- Reduce amount of debt payment and use fund balance to cover operating costs for services.

South Tempe Corridor Operating Costs

- Proposition 400 may cause a financial shortfall for light rail services.
- South Tempe Corridor operating costs estimated at 3 million dollars.
- Reduce expenditures greater and absorb operating costs for service.
- Fund balance would be further reduced to cover expenses.

Agenda Item 5 – Next Steps

- Determine impact in current and overall services after 9 million dollar reduction.
- Stabilize fund balance.
- Obtain input from Committees to discuss additional financial reductions.
- Determine impact of adding South Tempe Corridor to existing services.
- Present overall financial strategy and update to Transportation Commission.

Jayson Matthews adjourned the meeting at 10:14 a.m.

The Committee's next regular meeting will be held Friday, September 4, 2009 at 9:00 a.m. in the Don Cassano Community Room, 200 E. Fifth Street, Tempe, Arizona.

Prepared by:
Holly Stennerson

Reviewed by:

Carlos de Leon