

Minutes City of Tempe Ad Hoc Transit Fund Committee September 4, 2009

Minutes of the City of Tempe Ad Hoc Transit Fund Committee held on Friday, September 4, 2009, 9:00 a.m., at the Transportation Center Don Cassano Community Room, Tempe, Arizona.

(MEMBERS) Present:

Don Cassano, Ben Goren, Jayson Matthews

(MEMBERS) Absent:

Steven Saiz, David Strang

City Staff Present:

Dawn Coomer, Carlos de Leon, Thomas Duensing, Jerry Hart, Shelley Hearn, Eric Iwersen, Ken Jones, Greg Jordan, Gregg Kent, Glenn Kephart, Jyme Sue McLaren, Elizabeth Mieth, Thomas Mikesell, Chris Salomone, Sue Taaffe, Elizabeth Thomas, Robert Yabes,

Guests Present:

Neil Calfee, Judi Nelson, Jack Pisano

Jayson Matthews called the meeting to order at 9:03 a.m.

Agenda Item 1 – Public Appearances

There were no public appearances.

Agenda Item 2 – Identification and Evaluation Process for Potential Cost Reduction/Revenue

Source Measures

Carlos de Leon presented the following information:

- Categorize Major Program Elements. This step involves subdividing the Transit Program into major groups or categories of like elements. The major program categories in the financial model include:
 - Transit Services, which include bus, light rail and dial-a-ride services.
 - Debt Service.
 - Other Operations, which consists of non-personnel expenses related to the following activities:
 - Transit Administration
 - Transportation Center Operations
 - Marketing and Community Outreach
 - Bus Stop Maintenance

- Landscape Maintenance
 - Planning and Project Review
 - Capital Projects, which are largely federally funded but require transit funds for initial matching funds and on-going operations and maintenance.
 - Employee Salaries/Benefits.
- Identifying and Documenting Potential Measures.
- Evaluating Potential Measures Across Categories.
 - Intent of Transit Funds
 - Impact to Community
 - Affect on Existing Services
- Determining the Combined Financial Impact of Preferred Measures.
 - \$1.2 million in the current fiscal year
 - \$5.4 million from the next three fiscal years (FY10-11 to FY12-13)

Carlos de Leon stated that the Ad-Hoc Committee is looking at the budget for the Transit Administration, Transportation Center Operations, Bus Stop Maintenance, Landscape Maintenance and Planning and Project Review. The Public Involvement and Marketing Committee are looking at the budget for the Marketing and Community Outreach.

Agenda Item 3 – Development of Evaluation Criteria

Ken Jones presented the following information on the City’s draft evaluation form:

- If need arises where the City would have to eliminate some programs this is intended to form some common terminology and formal communication of evaluating programs within the City to recommend to the Council.
- A starting point from where all the departments and Council to work with.

Commissioners Jayson Mathews, Don Cassano and Ben Goren do see some value in using the same criteria methods that other cities programs are being evaluated.

Agenda Item 4 – Accountability and Governance Committee Update

Greg Jordan presented the following information:

- ***Cost Reduction Strategies (A phased approach)***
Approximately \$7.4 million in cost savings or new revenue need to be generated in order to bring the transit fund into balance by 2017. This figure does not take into account the possible introduction of new services (e.g., south Tempe Orbit, south Tempe corridor). Suggested below is a chronological approach to orient the committee’s development of transit service priorities, cost reduction measures, and revenue generation strategies.
- **Phase 1 (FY 2010)** - Reduce current year operating costs by a minimum \$1.05 million
The options presented below represent the first draft of possible cost reductions and/or revenue generation possibilities for FY 2010. Additional information associated with each option is provided in Attachment 2.

Direct Measures

Option	Description	FY 2010 Amount
O-1	Baseline Model Update	\$340,000
O-2	Route 40 (Apache) & 13 (Buckeye) Combination	\$200,000
O-3	Orbit Weekend Frequency & Hours Reduction	\$168,000
O-4	Targeted trip reductions on local bus service	\$125,000

O-5	Eliminate route 76 (Miller) & Realign route 81 (McClintock)	\$20,000
O-6	Elimination of 5310 Grant Assistance	\$50,000
Sub-total		\$903,000
Percent of goal		87%

Contingent Measures*

O-7	Estimated savings from Veolia Performance Incentives	\$150,000
O-8	Extension of Liquid Natural Gas (LNG) tax credit	\$750,000
Cumulative Total		\$1,803,000
Percent of goal		173%

* Contingent measures are uncertain or rely on actions beyond the city's control.

- **Phase 2 (FY 2011 - FY 2013)** - Reduce annual operating costs by an additional \$5.6 million.
 - System-wide service/route restructuring: local, express, orbit, light rail
 - Explore strategies for raising revenue (increase ridership, advertising, naming rights, reduce light rail/bus fare evasion, other)
- **Phase 3 (FY 2014 - FY 2017)** - Reduce annual operating costs by an additional \$686,000.
 - System wide service/route restructuring: local, express, orbit, light rail
 - Evaluate additional adjustments necessary to introduce south Tempe corridor
- **Next Steps**
 - Finalize Phase 1 (FY 2009-10) cost reductions/revenue generation option
 - Develop Phase 2 (FY 2011-13) transit system restructuring
 - Provide performance analysis of modes and routes
 - Develop performance goals and priorities for operating hours, frequency, and coverage.
 - Develop concepts for providing city-wide transit services consistent with principles stated above while achieving budgetary goals.

Commissioner Ben Goren inquired what are some of the things that you anticipate that won't affect the public. Greg Jordan stated that the combinations of Route 40 and Route 13 .

Agenda Item 5 – Public Involvement and Marketing Committee Update

Amanda Nelson and Sue Taaffe presented the following information:

- Additional cost saving ideas for the Committee to consider.
 - Bike Program: \$7,500 - Reduce participation - \$2,500 savings
 - Clean Air Challenge: \$5,200 - Reduce incentive costs - \$2,600 savings
 - Youth Program Promotion: \$7,500 - Reduce costs to only include production of brochure - \$3,500 savings
 - Ad agency fees: \$45,000 - Terminate advertising agency contract and bring concepting, designing, placement and monitoring of advertisements in house - \$45,000 savings.
 - Tour de Tempe: \$20,000 - Reduce Tour de Tempe costs by charging for t-shirts - \$4,500 savings.
 - Youth Transit Pass Program: \$350,000 – Reduce subsidy of program - \$0 to \$350,000 savings

- Revenue generating ideas for the Committee to consider.
 - Advertising on exterior and interior of buses: Based on the contract that the city of Phoenix has with Clear Channel Outdoor, the following assumptions were made for revenue generation:
 - Minimum annual rate guarantee – assuming a reduced impression level in the Tempe market when compared to Phoenix and a 50% placement rate, the Tempe bus fleet (116 fixed route and flash) could potentially generate up to \$225,000 annually in paid advertising revenue.
 - Direct application of advertising to vehicles is the standard format thereby eliminating the need to purchase frames/hardware.
 - The 116 fleet vehicle number excludes 43 Orbit buses and eight Express buses due to the limited exterior space availability.
 - Advertising on bus shelters: Based on the contract that Arizona State University has with MSS Media, the following assumptions were made for revenue generation:
 - Minimum annual rate guarantee – assuming a similar impression level in the Tempe market when compared to ASU and a 50% placement rate, Tempe's bus shelter inventory of 240 shelters could potentially generate up to \$24,000 annually in paid advertising revenue.
 - Advertising contractors typically purchase any frames/hardware with no costs to the City.
 - Light Rail station advertising: Based on the contract that METRO has with CBS Advertising, the following assumptions were made for revenue generation:
 - This initial estimate is based on 50% placement rate of station wraps and station posters at Tempe's eight stations.
 - Estimated revenue generation for advertising at Tempe light rail stations is \$96,000 annually.
 - The fall, CBS will provide a rate card, which will allow a more accurate estimate projected advertising revenue.
 - Light Rail train wraps: Costs associated with train wraps have already been programmed into the operational cost of light rail. Each city receives the proportional dollar amount based on mileage in its city.

Commissioner Don Cassano inquired has Marketing considered allowing advertising in the brochures and maps. Sue Taaffe stated that it has not yet been considered but will be looked at.

Amanda Nelson stated that the Platinum pass is a county requirement and can't be dropped.

Commissioner Don Cassano inquired who makes the ultimate decision. Glenn Kephart stated that the Mayor and Council will make the decision.

Agenda Item 6 – Next Steps

- Development of Evaluation Criteria

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

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

Prepared by:

Elizabeth Mieth

Reviewed by:

Carlos de Leon