
**Minutes
City of Tempe
Ad Hoc Transit Fund Committee
January 7, 2010**

Minutes of the City of Tempe Ad Hoc Transit Fund Committee held on Thursday, January 7, 2010, 7:30 a.m., at the Transportation Center Don Cassano Community Room, Tempe, Arizona.

(MEMBERS) Present:

Ben Goren, William Haas, Jayson Matthews, Steven Saiz, David Strang

(MEMBERS) Absent:

City Staff Present:

Dawn Coomer, Carlos de Leon, Tom Duensing, Jerry Hart, Shelley Hearn, Eric Iwersen, Dana Janofsky, Greg Jordan, Gregg Kent, Jyme Sue McLaren, RC Noderer, Chris Salomone, Holly Stennerson, Sue Taaffe, Robert Yabes, Shaun Yunt

Guests Present:

Don Cassano, Wulf Grote, John McCormack

Jayson Matthews called the meeting to order at 7:30 a.m.

Agenda Item 1 – Public Appearances

There were no public appearances.

Agenda Item 2 – Review of Revised Financial Forecast

Carlos de Leon presented the following information:

At the Issue Review Session on December 10, 2009, staff presented the Transit Fund financial forecast and recommended bus service changes effective January 25, 2010.

Due to the downturn in sales tax revenues and increasing program costs, a reduction of approximately \$16 million in operating expenses is needed to balance the Transit Fund.

Regional Funding is currently being reviewed by the Valley Metro Board and a conclusion of the process will be completed in January/February 2010.

Jerry Hart presented the following information:

The City is in the process of updating the sales tax forecast. The sales tax continues to decline causing the deficit to increase.

Financial Services is currently in the process of evaluating the new information and the potential impact on the City's operating funds. The updated financial forecast is scheduled to be presented to the City Council on January 21, 2010.

Agenda Item 3 – Evaluation of Transit Program

Carlos de Leon presented the following information:

In August 2009, staff presented a process for evaluating the Transit Program which involved identifying and evaluating potential cost reduction and revenue source measures. A list of preferred measures and actions were developed as part of the overall financial strategy to balance the Transit Fund.

Due to the recent significant increase in the projected Transit Fund structural deficit from \$9 million to \$16 million, it is recommended that the current process be changed to a minimalist or core approach identifying what minimum functions and services are required and the City's funding discretion.

The new process would be to recommend a revised transit program with reductions that could be phased over the next two to three years.

The table below illustrates the potential use of transit funds and the potential service reductions from the current funding levels to a projected \$30 million in revenue.

Use of Funds	Annual Cost (\$,000)			Comments
	Current	Potential Options		
		A	B	
				Options based on \$30 million in revenue
Bond Payment	8.4	8.4	7.6	Option B includes partial debt repayment
Light Rail	7.5	7.5	6.5	Option B includes reduced services
Dial-a-Ride	.5	.5	0	Option B includes elimination of senior dial-a-ride
Subtotal	16.4	16.4	14.1	
Available		13.6	15.9	Remaining funds from \$30 million baseline
Bus				
Valley Metro	12.1	5.6	6.5	Proportional reduction of remaining funds
Orbit	7.9	3.7	4.3	Proportional reduction of remaining funds
Flash	.3	.1	.2	Proportional reduction of remaining funds
Staff/Other	9	4.2	4.9	Proportional reduction of remaining funds
Total	45.7	30	30	

Tempe has limited discretion to light rail debt payments and operations, and funding of senior dial-a-ride services. There would be \$13.6 to \$15.9, million in remaining funds for bus service, staff, and other operations which are currently funded at \$29.3 million.

Commissioner Jayson Matthews stated that the new approach makes sense due to the amount of additional funds needing to be cut. The City should preserve the minimal core level of services that it's responsible for providing to the citizens of Tempe.

Commissioner Ben Goren stated that this approach is taking many steps backwards in terms of the transit system. He suggested other sources of revenue such as taxes and bonds to help preserve Tempe's existing transit system.

Commissioner Jayson Matthews asked if there was consensus from the Committee to take this approach and present it to Council. After further discussion, the Committee came to a consensus.

Agenda Item 4 – Update on Potential LRT Service Changes

Carlos de Leon presented the following information:

The Rail Management Committee suggested forwarding recommendations to the Metro Board to start the process for public input regarding service reductions.

In recent months, Metro and member city staff have been developing options to the preliminary FY2011 passenger operations budget. Due to revenue declines, cost saving alternatives have been developed to maintain expenses to the FY2010 \$33.73 million budget level, and also options to further reduce costs by 5 and 10 percent.

Agenda Item 5 – Update on Bus Service Analysis

Greg Jordan presented the following information:

The Transit Fund Budget Reduction Measures – Bus service documentation details the minimum level of Tempe bus services in comparison to the current services. The approach of the January 2010 bus service changes was to minimize the cuts and preserve as much bus service as possible. There are currently still opportunities to be evaluated with additional service cuts to make efficiency improvements. The current changes involve service reductions to hours and frequency. The proposed changes do not account for possible revenue options, Orbit fare, increased regional fares or tax revenue.

The Accountability and Governance Committee will meet on January 27, 2010 to discuss the second round of public process for future changes to the transit system.

Agenda Item 6 – Update on Staffing and City Reorganization

Carlos de Leon presented the following information:

The City of Tempe's reorganization process recommended by the City Manager will be going to City Council January 7, 2010 for the first hearing and for formal approval on January 21, 2010.

The Public Works Department and Water Utilities Department will be combined into one department. The reorganization process is to streamline the staffing levels to make the organization more efficient. Currently, there are seven Deputy positions within the two departments which will be reduced to four Deputy positions.

The new Public Works Department will consist of the following divisions: Water Utilities, Engineering, Field Operations, and Transportation. The Transportation Division will include Transit, Traffic Engineering, and Traffic Operations. The new Transportation Division will be funded by both the Transit Fund and the HURF Fund.

The Transit Budget Organizational chart includes all Transit funded cost centers and positions. The Committee will be updated as the City Reorganization process proceeds.

Agenda Item 7 – Next Steps

The Committee's next regular meeting will be held Thursday, January 28, 2010 at 7:30 a.m. in the Don Cassano Community Room, 200 E. Fifth Street, Tempe, Arizona.

Jayson Matthews adjourned the meeting at 8:47 a.m.

Reviewed by:

Carlos de Leon