



**Minutes
City of Tempe
Ad Hoc Transit Fund Committee
February 25, 2010**

Minutes of the City of Tempe Ad Hoc Transit Fund Committee held on Thursday, February 25, 2010, 7:30 a.m., at Hatton Hall, Tempe, Arizona.

(MEMBERS) Present:

William Haas, Jayson Matthews, Steven Saiz, David Strang

(MEMBERS) Absent:

Ben Goren

City Staff Present:

Joe Clements, Dawn Coomer, Carlos de Leon, Tom Duensing, Jerry Hart, Karen Huffman, Dana Janofsky, Ken Jones, Greg Jordan, Gregg Kent, Jyme Sue McLaren, Amanda Nelson, Bonnie Richardson, Holly Stennerson, Sue Taaffe

Guests Present:

Don Cassano, Nicolle Doyle

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 – Draft Financial Plan Tasks and Schedule

Carlos de Leon presented the following information:

The Transit Fund Financial Plan - Tasks and Schedule was provided to the Committee which includes the major tasks and meeting dates for delivering a recommended financial plan to Mayor and Council in May.

Task/Meeting	Status
Underway or Completed	
Identify service options – LRT	Completed
Identify core service options - bus and Dial-A-Ride	Completed
Select financial strategy and future revenue	Completed
Discuss bond options with bond counsel	Underway
Conduct reorg process for new Transportation Division	Underway

Transportation Commission Meeting	2/9/2010
Transportation Division Staff Reorg Meeting	2/9/2010
Start development of staff plan – Staff working group	2/10/2010
Tempe - Veolia Contract Negotiations	2/10/2010
Staff Plan - Staff Working Group Meeting	2/17/2010
Week of February 21	
Start public involvement - first round	2/22/2010
Council Transportation Committee Meeting	2/23/2010
Staff Plan - Staff Working Group Meeting	2/24/2010
Ad Hoc Transit Fund Committee Meeting	2/25/2010
Start draft financial report	2/26/2010
Week of February 28	
Hold second public meeting - first round	3/1/2010
Staff Plan - Staff Working Group Meeting	3/3/2010
Tempe - Veolia Contract Negotiations – First review of cost reductions	
Week of March 7	
End public involvement - first round	3/7/2010
Transportation Commission Meeting	3/9/2010
Staff Plan - Staff Working Group Meeting	3/10/2010
Provide public comment report - first round	3/12/2010
Tempe - Veolia Contract Negotiations – Second review of cost reductions	
Week of March 14	
Accountability/Governance Committee Meeting	3/16/2010
Tempe - Veolia Contract Negotiations – Final review	
Week of March 21	
Council Transportation Committee Meeting	3/23/2010
Ad Hoc Transit Fund Committee Meeting	3/25/2010
Week of March 28	
Start public involvement - second round	3/29/2010
Week of April 4	
Ad Hoc Transit Fund Committee Meeting	4/8/2010

Week of April 11

End public involvement - second round	4/13/2010
Provide public comment report - second round	4/16/2010
Finalize draft financial plan	4/17/2010

Week of April 18

Ad Hoc Transit Fund Committee Meeting	4/20/2010
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Week of April 25

Transportation Commission Meeting	4/27/2010
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Week of May 2

Council Transportation Committee Meeting	5/4/2010
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Week of May 9

Finalize report for Council meeting	5/10/2010
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Week of May 16

METRO Board Meeting	5/19/2010
Council Special Budget Meeting	5/20/2010

Agenda Item 3 – Options for Phasing Reductions

Joe Clements presented the following information:

The table below presents three financial scenario options for phasing \$15.5 million in reductions and balancing the Transit Fund over a three year period.

Phasing Reductions	Aggressive Approach	Mid-Level Approach	Minimal Approach
FY 2010-2011	\$9.6 Million (60%)	\$4.48 Million (30%)	\$1.92 Million
FY 2011-2012	\$2.87 Million (20%)	\$4.71 Million (30%)	\$5.3 Million
FY 2012-2013	\$1.64 Million (10%)	\$4.92 Million (30%)	\$6.9 Million
Fund Balance (2013-2014)	\$58 Million	\$49 Million	\$45 Million
Fund Balance Used	\$10 Million	\$19 Million	\$23.5 Million

Carlos de Leon provided an example of service/other changes for FY 2010-2011 to FY 2012-2013 totaling approximately \$14.1 million in reductions.

Rail

- Shorten peak service by 2 hours
- Reduce peak frequency from 10 to 12 minutes
- Rebid service contract

Valley Metro

- Eliminate Sunday service
- Eliminate late evening (10 p.m.)
- Eliminate early morning
- Eliminate low performance routes
- Reduce Saturday frequency from 30 to 60 minutes
- Reduce peak service from 15 to 30 minutes

- Reduce lower performing express routes

Orbit

- Eliminate Sunday service
- Reduce Saturday frequency from 15 to 30 minutes
- Reduce weekday frequency from 15 to 20 minutes

Other

- Renegotiate Veolia contract
- Reduce staff and other expenses

Commissioner Jayson Matthews asked if there was consensus from the Committee on any of the 3 phasing reduction approaches. After further discussion, the Committee came to a consensus on the mid-level approach.

Agenda Item 4 – Use of Secondary Property Tax for Transit Debt

Tom Duensing presented the following information:

The request of possibly shifting the Transit debt repayment from transit taxes to secondary property taxes would:

1. Require a Council policy decision
2. Be subject to voter authorization
3. Affect future Capital Improvement Projects

Additional details assuming the secondary property tax rate is not increased:

- Transit Bonds Refinanced to General Obligation Bonds - As the secondary property taxes are used to pay the City general obligation debt, any Transit debt would have to be refinanced to general obligation debt to be repaid from secondary property taxes.
- Voter Approval - General obligation debt requires voter approval through bond authorization elections. Therefore, these general obligation bonds would have to be included in an upcoming bond election.
- Affect on Other CIP Projects - If the Council chose to refer this issue to the voters and the bond election was successful, future CIP projects (park improvements, street improvements, public safety projects, etc.) would be deferred, reduced or eliminated as these bonded projects are also repaid with secondary property taxes.

Agenda Item 5 – Additional Scenarios

The Committee discussed two additional scenarios that will be considered with the financial plan - using secondary property tax for transit debt payment and possible use of excess fund balance to partially retire debt in the mid-level approach.

Agenda Item 6 – Future Agenda Items/Next Steps

The Committee's next regular meeting will be held Thursday, March 25, 2010 at 7:30 a.m. in the Don Cassano Community Room, 200 E. Fifth Street, Tempe, Arizona.

Jayson Matthews adjourned the meeting at 8:53 a.m.

Prepared by:
Holly Stenner

Reviewed by:

Carlos de Leon