



Minutes
City of Tempe Transportation Commission
Accountability and Governance Committee
January 27, 2010

Minutes of the city of Tempe Transportation Commission Accountability and Governance Committee held on Wednesday January 27, 2010 at 5:30 p.m. at the City of Tempe Transportation Center Office, Transportation Center Don Cassano Community Room, 200 E. 5th Street, Tempe, Arizona.

Members Present: Jayson Matthews, Gary Roberts, William Haas

Members Absent: Edward Smith, Joan Westlake

Guests: Don Cassano

City Staff Present: Dawn M. Coomer, Greg Jordan, Trevor Cascio, Joe Clements, RC Noderer

Agenda Item 1 – Public Appearances

No public appearances.

Agenda Item 2 – Consideration of Meeting Minutes from October 14 Committee Meeting

Jayson Matthews made a motion to approve all minutes. Gary Roberts seconded the motion. The following minutes were approved:

- Accountability and Governance Committee – October 14, 2009

Agenda Item 3 – Budget Reduction Options (Bus Services)

Greg Jordan, Transit Administrator, presented the following:

Summary

Despite the recent approval and implementation of bus and Orbit service budget reduction measures totaling \$3.2 million, updates to the city's sales tax forecast indicate a worsening structural budget deficit in the Transit Fund. Based on the current revenue forecast, a 50 percent reduction is needed in the present bus and Orbit services net operating budget of \$22.1 million by FY 2012-13.

Staff recommend moving forward with a three year plan covering FY 2011-13 to bring bus and Orbit service net expenditures in line with forecasted revenue. The committee's input is needed on the strategy underlying the three year plan which will provide general guidance on the extent of service reductions targeted for each year. Aggressive, moderate, and conservative approaches are provided for committee discussion.

Transit Fund Assumptions

Although the Transportation Commission's Ad Hoc Committee will provide strategic direction and priorities on balancing the Transit Fund budget among the various operating and financial elements, staff are presently making the following assumptions for the purposes of defining potential bus and Orbit service reductions:

- Total sales tax revenue forecast to be \$30 million in FY 2013 (includes return to positive sales tax growth);
- No changes to current bond payment strategy;
- Without budget reductions, fund balance will drop to \$10.5 million in FY 2014;

- Regional revenue applied to Tempe transit operations staff and facilities costs (\$1.2-1.5 million) shown separately as offsets to those budgets and not accounted for in net bus and Orbit service costs presented below.

Based on these assumptions, staff estimate the need for up to a 50 percent reduction in the present bus and Orbit services net operating budget of \$22.1 million. The net reduction to the budget may be achieved through a combination of service reductions and modifications, reduced costs, and additional revenue.

Service Reductions: Alternative A

Because additional sources of revenue are uncertain, staff modeled a combination of service reductions and associated cost reductions sufficient to achieve a 50 percent budget reduction in FY 2013.

Table 1 outlines one possible scenario in which bus and Orbit service parameters are calibrated to achieve the 50 percent reduction (\$10.8 million) bringing the FY 2012-13 budget to approximately \$11.3 million. Alternative scenarios that meet the budget goal are possible and may be modeled based on committee and public input.

Alternative A meets the current \$10.8 million budget savings target. It may be summarized by four major points:

- 40 percent direct reduction in service miles (\$7.4)
- Estimated reductions to operating costs (\$2 million)
- Service reductions that enable regional funding adjustments (\$1.4 million)
- Additional revenue (\$0)

TABLE 1: REDUCED BUS SERVICE - FY 2013

		Weekdays					Weekend	
		EARLY MORNING	AM PEAK	MID-DAY	PM PEAK	EVENING	LATE NIGHT	SAT
Route 30	University		30	30	30	30		60
Route 40	Apache							
Route 45	Broadway		30	30	30	30		60
Route 48	48th-52nd-Rio Salado		30	30	30	30		60
Route 56	Priest		30	30	30	30		60
Route 61	Southern		30	30	30	30		60
Route 62	Hardy-Guadalupe		30	30	30	30		60
Route 65	Mill-Hardy		30	30	30	30		60
Route 66	Mill-Kyrene		30	30	30	30		60
Route 72	Rural-Scottsdale		30	30	30	30		60
Route 77	Baseline		30	30	30	30		60
Route 81	McClintock		30	30	30	30		60
Route 108	Elliot							
Earth	North Tempe		30	30	30	30		30
Jupiter	Central Tempe		30	30	30	30		30
Mars	East Tempe		30	30	30	30		30
Mercury	East Tempe		30	30	30	30		30
Venus	West Tempe		30	30	30	30		30
			# Trips		# Trips			
Exp - 511	Scottsdale-Tempe		4		4			
Exp - 520	Tempe-Phoenix		4		4			
Exp - 521	Tempe-Phoenix		7		6			
Exp - 532	Mesa-Tempe-Phoenix		4		4			
Exp - 536	Mesa-Tempe		0		0			
Exp - 540	Chandler-Tempe-Phoenix		4		4			

SERVICE PERIOD DEFINITIONS:

EARLY MORNING	Before 5:30am
AM PEAK	5:30am - 9:00am
MID-DAY	9:00am - 2:30pm
PM PEAK	2:30pm - 7:00pm
EVENING	7:00pm - 10:00pm
LATE NIGHT	After 10:00pm

Gary Roberts asked the question (referring to the 3rd bullet point):

Do we know if the regional funding will stay the same or is it possible that the funding Tempe receives gets cut back?

Greg Jordan responded:

We are counting on the current set of implementation dates for the region taking over funding of certain routes. The board, last week, effectively approved the FY2010 TLCP (Transit Life Cycle Program) update which included within it a schedule of a delayed time frame for when they were going to take over funding of certain routes like the 72 (Rural Rd.), the 45 (Broadway Rd.), the 81 (McClintock), and a few others.

Greg Jordan noted (referring to table 1):

Through this committee and the public involvement process we want to hear how we, as staff, can refine this. This may not be the ideal core services. For example, this committee may say that 15 minute service during peak periods Monday through Friday is more important than having Saturday service. Specific direction on these points can be made at our next meeting after we've had a chance to review the comments from the public involvement meeting.

Offsetting Revenue

Pending completion of a spring 2010 public involvement process, the service parameters noted in Table 1 represent staff's preliminary model for minimum service standards for FY 2012-13 and is absent any additional offsetting revenue.

The public's input on bus and Orbit service parameters will be critical to prioritizing what types and levels of service to maintain, particularly if additional sources of offsetting revenue are identified allowing greater discretion regarding the necessary reductions.

Additional sources of revenue or cost offsets may include:

- Improvements in sales tax revenue not forecasted
- Identification of additional system efficiency improvements
- Additional cost reductions not already factored into model
- Extension of alternative fuel tax credit
- Additional federal funds offsetting the capital cost of preventative maintenance
- Valley Metro fare increase (when regional fare recovery target drops below 25%)
- Introduction of Orbit fare
- ASU financial support for Orbit system
- Convert Orbit fleet to alternative fuel (lower prices and eligibility for tax credit)

Greg Jordan noted (referring to 4th bullet point):

The alternative fuel tax credit is for \$1.4 million regionally and the net benefit to Tempe will be about \$600,000. This cannot be recognized because it has not yet happened and we're not sure yet when it will happen.

Public Involvement

A two stage public involvement process is planned for spring 2010 to enlist the public's assistance in identifying potential service reductions for FY 2011.

Stage 1 is intended to gain public input on prioritizing bus and Orbit types, routes, parameters, and fares. All reductions and elements that lead to the service levels in Table 1 will be presented for public input and prioritization so staff and the committee can make the best decisions for FY 2011 and beyond. Attachment 1 illustrates a sample format for gaining public feedback on funding priorities.

Stage two will involve public presentation of specific FY 2011 service reductions followed by refinement and approval by the City Council in June 2010.

Three Year Plan Overview

Staff recommend moving forward with a three year plan covering FY 2011-13 to bring bus and Orbit service net expenditures in line with forecasted revenue. Public involvement will form a critical component of the service planning for each year's potential service changes.

Staff would like the committee's input on the strategy underlying the three year plan which will provide general guidance on the scope of service reductions targeted for each year. Provided below are three approaches that could be employed or refined as the committee sees fit:

1. **AGGRESSIVE (60-30-10 Plan)** - Meet 60 percent of \$10.8 million budget reduction target in FY 2011 with 30 and 10 percent portions achieved in FY 2012 and FY 2013 respectively.
 - Best option to dramatically slow annual reductions in fund balance
 - Service reductions generally in alignment with recession
 - Depending on revenue sources, latter year reductions may be minimal
 - Risks reductions that are too great if revenue sources rebound/emerge

2. **MODERATE (34-33-33 Plan)** – Distribute reductions equally over three years. Meet 34 percent of \$10.8 million budget reduction target in FY 2011 with 33 percent achieved in each of the subsequent years.
 - Balances risks and opportunities of aggressive and conservative approaches

3. **CONSERVATIVE (20-30-50 Plan)** – Delay majority of extensive reductions until FY 2012 and FY 2013. Meet 20 percent of \$10.8 million budget reduction target in FY 2011 with 30 and 50 percent portions achieved in FY 2012 and FY 2013 respectively.
 - Quicker depletion of fund balance
 - Unknown cost increases or worsening revenue may force acceleration of cuts
 - Service reductions may be out of alignment with recession
 - Preserves service in early years while allowing additional revenue options to be identified which may minimize latter year cuts

Don Cassano commented:

We're going to see the biggest decrease in funding now so we should adjust to that first. If things improve faster then that's great but we need to address the worst case now.

Don Cassano recommended:

We should be as aggressive as we can because we know what the economy is like now but we don't know what it will be like in a year or two.

Jayson Matthews and Gary Roberts agreed with Don

Gary Roberts added:

If we're aggressive now and things get better then it's easier to cut back on the aggressiveness than to be conservative now and have to get aggressive later on.

William Haas commented:

If we get too aggressive with this then it can have a negative impact on people seeking or going to jobs.

Agenda Item 4 – Spring 2010 Public Involvement Process

Valley Metro Bus

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Valley Metro Express

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Tempe Orbit

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Metro Light Rail

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Comments:

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More bus routes with lower frequency & shorter hours

- More bus routes with lower frequency & shorter hours
- Fewer bus routes with higher frequency & longer hours

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Weekday service before 5:30am

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Weekday AM rush hour service (5:30am-9:00am)

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Weekday Mid-day service (9:00am-2:30pm)

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Weekday PM rush hour service (2:30pm-7:00pm)

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Weekday evening service (7:00pm-10:00pm)

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Weekday late night service after 10:00pm

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Saturday morning service

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Saturday afternoon service

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Saturday night service

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Sunday morning service

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Sunday afternoon service

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Sunday night service

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Comments:

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More bus routes with lower frequency & shorter hours

- More bus routes with lower frequency & shorter hours
- Fewer bus routes with higher frequency & longer hours

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Weekday service before 5:30am

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Weekday AM rush hour service (5:30am-9:00am)

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Weekday Mid-day service (9:00am-2:30pm)

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Comments:

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Saturday late night service

Sunday morning service

Sunday afternoon service

Sunday night service

Greg Jordan added (referring to the sample questionnaire):

Right now, this is too complicated and staff will be working to simplify it. This is also so extensive that we may have to consider phone surveys.

Don Cassano commented:

The people that will be going to the public involvement meetings will be people that are interested in the transit system and are people that use and rely on public transit. With phone surveys, you will get people that do not use public transit but vote anyway.

Greg Jordan responded:

That can be factored into the questioning. For example, the first question asked could be do you use public transportation? If they answer "no" then the call ends.

Greg Jordan asked the question:

Should we address the issue of fare increases or the possibility of a fare introduction on Orbit within this survey?

Don Cassano responded:

When you look at fare increases for bus service, take out Orbit because fare increases for fixed route service is a regional decision. Orbit belongs to the City of Tempe. If you're going to ask the question then it should be centered on just the Orbit fare introduction.

William Haas added:

If you ask the question then it should be a "yes" or "no" question. For example, would you be willing to pay \$0.50 to ride Orbit?

Greg Jordan added:

Staff generated good information on this issue in the fall and general answer was "yes," people would be willing to pay \$0.50 fare versus not having an Orbit system.

William Haas recommended NO and Don Cassano and Jayson Matthews agreed

Don Cassano added:

If there is a general "yes" answer then you don't want to put it out there again and have some of those "yes" people to change their mind and say "no."

Next Steps:

The next meeting of the Accountability & Governance Committee is tentatively scheduled for March 15th, 2010 at 5:30 p.m. following the first round of public involvement and staff analysis of associated data and comments. At that time, staff will provide information on possible budget savings options for the Tempe/ASU Flash service and Tempe's senior and disabled transportation programs.

Meeting adjourned at 6:22 p.m.

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