

MEETING MINUTES

CITIZEN ADVISORY COMMITTEE

May 9, 2007

Northside Conference Room

MEMBERS PRESENT

Robert Faltermeyer, Chair
Sean Hoagland
Margaret Jones
Dean Lynch
Brenda Smits
David Swalling

STAFF PRESENT

E. Susan Meyer, CEO
Jim Plaster, Director of Finance & Administration
Naomi Dunning, Executive Assistant

MEMBERS ABSENT

Kathleen Stevens
Fred Van Guilder

GUESTS

None

1. CALL TO ORDER AND INTRODUCTIONS (R. Faltermeyer)

Chairman Robert Faltermeyer called the meeting to order at 5:00 p.m.

2. MINUTES OF JANUARY 10, 2007 AND MAY 1, 2007 CITIZEN ADVISORY COMMITTEE – CORRECTIONS OR APPROVAL

Mr. Faltermeyer asked the Committee to address the meeting minutes of January 10, 2007, and May 1, 2007. **The minutes were reviewed and approved by consensus.**

3. RECAP AND DISCUSSION OF PREVIOUSLY PROPOSED PROJECTS;

TARIFF

Mr. Faltermeyer reiterated the projects, Tariff Policy and Transit 2020, as proposed by Mr. Steve Blaska, Director of Operations, on May 1, 2007, at the CAC Special Meeting. Mr. Faltermeyer asked Ms. E. Susan Meyer, CEO, to share her thoughts with the Committee on both.

Ms. Meyer began by saying that the STA Staff wanted to present options to the CAC for their consideration regarding projects that would be significant to the Agency, where the CAC's contribution would have impact on issues that are of importance and timely for STA. Both projects satisfy those two requirements.

The Tariff Policy was the first project addressed by Ms. Meyer, and stated that it could be a fun undertaking to evaluate the two different perspectives on how a Tariff Policy should be set; 1. Maximize revenue, get closer to paying for the service than you currently are, or; 2. Maximize ridership.

Ms. Meyer continued by discussing how STA currently maximizes ridership by keeping the standard fare at \$1.00 without a recent increase and not having another increase scheduled until 2009. Ms. Meyer shared that that these sorts of items are the kinds of discussions to be vetted by the CAC .

Ms. Meyer also addressed the Transit 2020 Project and reported the costs to be \$450,000 - \$500,000 with consultants, Nelson Nygaard. She stated that the project had been off track in terms of original intent, however, is back on track now. They have presented a *Draft Operational Assessment* which shows where STA is today vs. where opportunities lie for the future. The next step is for Nelson Nygaard to make specific recommendations within certain financial parameters. While the Staff vets those recommendations internally, Ms. Meyer stated that it would be of great value to both she and the Executive Team if the CAC were to advise her of their perspectives as to what the consultants recommend, and in turn, Ms. Meyer would make a recommendation to the Board.

Based on Ms. Meyer's recap of both projects, Mr. Faltermeyer raised the idea of the potential need to review or re-create the composition of the CAC to ensure adequate depth in order to support either project.

Ms. Meyer mentioned that the Tariff Policy Project would be a good fit for the CAC's Charter by using STA Staff to gather the needed information and make a recommendation to the Board. The T2020 would depart from the Chartered responsibility by functioning in an advisory capacity to the CEO.

Ms. Meyer expressed that she does not want the CAC to lose momentum, and wants the Committee to feel as though they are making a significant contribution. The Committee was invited by Ms. Meyer to share their thoughts.

Committee Member, Mr. Dean Lynch asked if the STA Board had approved of the CAC departing from their Charter, should they choose to advise Ms. Meyer on the Transit 2020 Project. Ms. Meyer informed the Committee that she had not spoken with anyone on the Board prior to speaking to the CAC, because she did not want the proposal to look "pre-sold" and felt that the Board would be grateful for assistance, all the while making this effort a significant contribution by the CAC.

Mr. Sean Hoagland, Committee Member, asked Ms. Meyer how much of the Tariff Policy philosophy is already embedded into the Staff, to which Ms. Meyer replied that the CAC's independence from the Staff allows for the Committee to make a recommendation, however, the Staff will make a recommendation as well. Ms. Meyer advised that the two may not be the same, however, the CAC's will be thoroughly vetted, considered and recommended, as would the recommendation by the Staff. It will be up to the Board Members to weigh all information and make a decision on the Tariff Policy. Ms. Meyer added that if the CAC were to ask the Staff for input while going through the process, the Staff's opinion would be given, however, this would not mean for the CAC to agree with the opinion of the Staff. It may set up an opportunity for conflict, however, Ms. Meyer thought this would not necessarily be a negative occurrence.

Ms. Margaret Jones, Committee Member, raised the issue that if the fare was raised as a result of a new Tariff Policy, this may decrease ridership, subsequently having a negative effect on the environment due to more vehicles on the road.

The meeting continued with Mr. Faltermeyer addressing both Ms. Meyer, and Mr. Jim Plaster, Director of Finance and Administration, regarding Ms. Meyer's earlier comment about a fare increase in 2009. Mr. Faltermeyer asked if there was an element of positioning by not discussing this prior to the tax reauthorization.

Ms. Meyer agreed, and offered that some people think that it should be discussed prior to and some feel the opposite. Mr. Plaster submitted that STA is in an awkward period, due to the growth in cash balance, and in 2006, despite budgeting for a decrease in cash balance, there was a substantial increase because of the

deferred capital and stronger sales tax growth. Therefore to increase fares at a time when STA's reserves do not demand as such, has some political issues, whereas, when asking for a reauthorization for your most important revenue source via the subsidy of sales tax, when those who don't use the system feel you should have a user charge that is appropriate and has value to the system. Mr. Plaster felt that the fare structure changes with which he has been involved, have not always produced much money. He gave the example of raising fares by 25%, which is a small portion of the total revenue stream, as only about 15% of total revenues come from the fare system.

Ms. Meyer furthered the discussion by mentioning that commuters with options would not necessarily be driven away from riding the bus, due to the difference of \$1.00 and \$1.25 fare; however, the folks that are economically disadvantaged need to be weighed equally.

Ms. Jones disagreed Ms. Meyer' statement based on her recollection of the Maple Toll Bridge raising it's fare from .10 cents to .25 cents and how drivers chose other routes based on the increase.

Ms. Meyer replied to Ms. Jones by asking to take into consideration the rising gas prices that riders may reconsider. Ms. Meyer continued by saying that this example underscores the number of factors there are when addressing the Tariff Policy.

Mr. Hoagland inquired as to the increment of increase necessary to make a financial impact and its effect on the ridership.

Mr. Plaster reported that STA has a pricing elasticity model that the industry periodically uses. This hasn't been used recently, since the last fare increase in 2002, and a new baseline needs to be established in order to move forward. In doing so, the issues which arise when increasing fares, may decrease ridership, resulting in a wash and not accomplishing anything.

Ms. Meyer asked Mr. Plaster if there were adjustments that felt like reductions in service that went along with the last rate increase making it hard to measure the specific impact of the Tariff.

Mr. Plaster said that there was a rate structure and other changes at the same time, making it difficult to read the end results, however, the elasticity model will provide what is felt to be safe without discouraging ridership and yet, capturing revenue that may be available that has not yet been sought out. Mr. Plaster continued by saying that it doesn't make sense to go after the money and lose a ridership base because the customer satisfaction is more important than the revenue.

Ms. Jones spoke about greenhouse gasses and what can be done to preclude an increase by using extra funds to improve or add routes, which may be to an advantage or disadvantage.

Chairman, Robert Faltermeyer, felt that the type of discussion as offered by Ms. Jones, is what would be of focus if the CAC chose to move forward with the Tariff Policy Project.

Mr. Faltermeyer asked the Committee for their opinions on the second project, Transit 2020.

Ms. Jones offered that it will be hard to project what exactly will be taking place in 2020, and felt as though certain population growth, specifically in the West Plains may not be properly considered.

Other Committee members discussed that there must be a large amount of modeling and considerations in the T2020 planning and to be sure that the data provided is valid.

Ms. Meyer submitted that one of the considerations with the Tariff Policy is the time available to take this on in manageable increments via monthly meetings, whereas, with T2020, the Committee will be needed as the product comes available and could be more time intensive.

Ms. Brenda Smits, Committee Member, asked Ms. Meyer about potential changes to the CAC meeting schedule, if the Transit 2020 Project were to be chosen.

Ms. Meyer informed the Committee that the meetings would be more frequent in order to get the Committee caught up on what has been established as a baseline and what is being considered for the future, including community input.

Mr. Dean Lynch, Committee Member, asked for clarification on the meaning of "product", as referred to by Ms. Meyer.

The term "product" was defined by Ms. Meyer as a written report from Nelson Nygaard, which will lead up to the final report with recommendations for the future, containing essentially what is going to be included in the final assessment.

Mr. Lynch furthered his inquiry by asking if any independent body aside of STA vetted the data used by Nelson Nygaard.

Ms. Meyer responded that the information was vetted by the organization that commissioned the report.

Mr. Plaster added that part of the data used by the consultants was gathered by the consultants in addition to information from STA's financial and operating database and various jurisdictions.

Ms. Smits asked if it would be reasonable to assume that the Tariff Policy Project could be accomplished in monthly, 2 hour meetings.

Both Mr. Plaster and Ms. Meyer agreed that this could be done.

Mr. Hoagland asked Ms. Meyer how the CAC would be ensured to maintain their identity if they were to choose the T2020 Project, and not become a "rubber stamp" in an advisory capacity to the CEO.

Ms. Meyer verified that the Committee's information is of public record, the Charter would remain the same, and the CAC is still a Committee of the Board. This project may be viewed as an opportunity for the Committee to do something different and a change in the Charter is not necessary due to the advisory capacity.

Mr. David Swalling, asked about the Transit 2020 Project and how it seems to be more open ended than the Tariff Policy, and requested for more definition and clarification as to what the Committee's focus would be.

Ms. Meyer felt that she was not able to answer this question at this time due to a delay with current planning with the consultants and an evaluation currently underway of the Intermodal Facility. Based on the recommendation by Nelson Nygaard, in the next few weeks, Ms. Meyer would be able to report back to the Committee in approximately 3 weeks, if the Committee decided this would be their project of choice.

Ms. Smits offered a word of appreciation to the Staff for their proposed projects in recognition for the CAC's desire to contribute to the community in a purposeful manner.

Mr. Faltermeyer, raised the question to the Committee whether to continue as a structure. He furthered his inquiry by asking the Committee to share what each member's project of choice would be, if the Committee chose to continue.

Mr. Hoagland submitted that his choice would be to continue with the CAC and felt as though something could be contributed to the Community with a identifiable impact by working on the Tariff Policy Project.

Mr. Swalling said that if he were to go forward, he would identify more with the Tariff Policy Project.

Mr. Lynch stated that he saw pros and cons with both projects; however, the Tariff Policy Project would be his choice.

Ms. Jones said that she would be happy with either project, or both, if possible.

Ms. Smits suggested that she would prefer the Tariff Policy Project, as it fits within the parameters of the current time allotment for the Committee.

Committee Chair, Mr. Faltermeyer, offered that he would like to work on the Transit 2020 Project, however, consensus wise, he would choose the Tariff Policy Project.

It was decided, based on consensus that the CAC will take on the Tariff Policy Project.

Mr. Faltermeyer requested the Staff to construct an Agenda to provide the information and the critical decision points in the information on how to achieve this goal, and asked how to break out 1 to 1 ½ hour segments for the next few Agendas. Mr. Faltermeyer asked the Committee to come up with individual names for new Committee members specific to this project.

Further discussion took place as to the type of Committee members desired, i.e. broad background, experience, major consumers who are affected daily by transportation, etc. It was underlined by Chairman Faltermeyer that this is a value driven decision as opposed to one of economics.

Ms. Meyer proposed to the Committee members to think about and recommend as many applicants as each member saw fit. A special 30 minute session in two weeks on May 23rd to present names for prospective Committee members. This discussion will produce a final list of names to move forward to the application process.

4. GENERAL BUSINESS

- a) Public Expressions – None.
- b) Mr. Faltermeyer will report to the Board on Thursday, May 17, 2007.

5. SET AGENDA FOR NEXT MEETING

- a) Special Meeting on Wednesday, May 23rd to present names for prospective Committee members.

6. ADJOURN

With there being no further business to come before the Committee, the meeting was adjourned at 6:00 p.m.

Respectfully submitted,

Naomi Dunning
Executive Assistant