

**CONNECT TRANSIT
BOARD OF TRUSTEES
PROCEEDINGS OF WORK SESSION MEETING OF NOVEMBER 26, 2013**

The Work Session meeting of the Board of Trustees of Connect Transit was held at the Connect Transit Board Room #135, Normal, Illinois on November 26, 2013 at 3:30 p.m.

TRUSTEES PRESENT: Judy Buchanan, Chairman
 Mike McCurdy, Secretary
 John Bowman
 Ryan Whitehouse
 Felicia Shaw
 John Thomas

TRUSTEES ABSENT: Bill Wilson, Vice-Chairman

CITY MANAGERS: David Hales, City of Bloomington

STAFF PRESENT: Andrew Johnson, General Manager
 Jenifer Clark, Human Resources Director
 Patrick Keubrich, Finance Director
 Roy Rickert, Operations Director
 Jennifer Sorenson, Community Relations Manager
 Steve Stockton, Information Technology Director

OTHERS PRESENT:

The meeting was called to order by the Chairman at 3:35 p.m. Roll call was taken.

The following was presented:

Chairperson Buchanan opened the meeting by stating that this is the first Work Session to be held by the Connect Transit Board. She acknowledged David Hales, City of Bloomington, City Manager and stated that Mr. Hales was very aware of the work session process.

She stated that there were three topics on the Work Session agenda. The items were: 1.) Follow-up on Study Group Recommendations, 2.) Comprehensive Operational Analysis and 3.) Local Funding Options. This Work Session would give the Board an opportunity to become more familiar with these issues that may need future direction from the Board. She acknowledged that Andrew Johnson, General Manager had previously had discussions with some of the Board members and members of the public regarding same. She believed that scheduling regular Work Sessions would help the Board stay informed on issues that impacted Connect Transit. There may not be enough time to discuss or consider these issues during a regular Board meeting. It was her hope that additional Work Sessions would be scheduled for the future.

Regarding the Study Group Recommendations, Chairperson Buchanan stated that the Group had provided the Board and General Manager with a report. She distributed a copy of the last page of the report to the Board. She and Andrew Johnson, General Manager had prepared a memo that was given to the members of the Study Group thanking them for the time that they took to participate. The memo explained that the Board was currently working on Connect Transit's Strategic Plan and that their suggestions were being incorporated into it. She stated that the Study Group's recommendations included items such as routes, schedules, meeting the needs of stakeholders and revenue enhancements. She noted that these were the primary responsibilities of the board, with the fiduciary responsibility being first. She inquired if the Board had any questions or comments regarding the Study Group Recommendations.

Trustee Felicia Shaw questioned the Study Group's suggested use of vehicle stickers and inquired as to their nature. Chairperson Buchanan responded that the Study Group recognized the need for Connect Transit to be sustainable and the need for revenue streams. She noted that the group really went out of their way to look for ways to increase revenue. She requested that Andrew Johnson, General Manager explain the idea behind Vehicle Stickers.

Mr. Johnson responded that in some larger cities, such as Chicago, vehicle stickers are used to tie vehicle usage to sustaining alternate transportation sources. Anyone living in the community that owns a personal vehicle must purchase a vehicle sticker. The revenue generated by the vehicle sticker fees are used to fund alternative transportation sources.

Chairperson Buchanan stated that the Study Group also recommended increasing ridership by contracting services with area entities. She noted that Connect Transit has existing contracts with some of the higher education institutions. In addition, it would approach some of the area's larger employers such as COUNTRY Financial and State Farm Insurance Co. She questioned if there were any other employers or entities that Connect Transit might approach. Andrew Johnson, General Manager, responded that in addition to COUNTRY Financial and State Farm Insurance, Connect Transit would be approaching Mitsubishi Motors. After the larger corporations had been approached, smaller businesses would be approached. He noted that these would be tasks delegated to the Business Development Manager. This position is currently vacant and that Connect Transit was actively seeking to fill that position. He reminded the Board that creating and filling a Business Development Manager position was another recommendation made by the Study Group.

Chairperson Buchanan stated that the Study Group also recommended creating focus groups that would include riders, community members, and neighborhood associations. She noted that Trustee Ryan Whitehouse was supportive of the creation of an advocacy committee.

Trustee John Bowman questioned how the deficit at the fare box would be impacted if ridership were increased by 30%. Andrew Johnson, General Manager responded that if ridership were increased by that much, and each rider was paying close to or full fare, the fare box recovery ratio would be above 20%. Currently the fare box recovery ratio is at 14%. Trustee Mike McCurdy stated that fare box recovery could also be increased by increasing the fare rates. Mr. Johnson agreed, noting that fare rates definitely needed to be reviewed.

An increase in fare rates in conjunction with service improvements, and frequency, such as service on Sunday could be justified. He stated that fare rates had not been reviewed for at least six (6) years. The last increase was in 2008. Chairperson Buchanan stated that the existing and future service improvements warranted a review of the existing fare structure.

Trustee Bowman stated that when the fares were increased in 2008, the fare box system that existed at that time played a role in how the fare was calculated. The fare box system at that time did not have the option of creating change to a customer if the customer did not have the exact fare amount. The fare was increased from \$.75 cents to \$1.00.

Andrew Johnson, General Manager stated that Connect Transit is slated to purchase a new fare box system. The new fare box system would allow for electronic registering, smart card options, and other stored value devices. He stated that when an electronic fare box system is utilized there is an increase in revenue from the start. The many ways that the old fare box system could be cheated are removed. There is also the ability to create interesting fare options with the electronic fare box. When the new fare box system is installed, a new fare structure would be created as well. He stated that it did not mean that fares would be increased however; there would be many new options, such as all day or seven day passes.

Trustee Bowman questioned the timeframe for the purchase and installation of the new electronic fare boxes. Mr. Johnson responded that it was approximately 18 months. He stated that he anticipated that a Request for Proposals (RFP) would be released in the first quarter of calendar year 2014. The estimated timeline for full implementation and use was early 2015.

Trustee Bowman questioned if postponing the review of a fare increase should wait until the electronic fare boxes were implemented and operational. Mr. Johnson replied that unless there was a sharp decline in funding, there was no intention of considering a fare increase prior to the purchase and implementation of the electronic fare boxes. Additionally, staff had more time to work on the planned service improvements. He believed that it was more appropriate to take a measured approach and consider all options prior to increasing fares. Chairperson Buchanan noted that as previously discussed, the new fare box system will increase revenue without a fare increase. Mr. Johnson affirmed.

Chairperson Buchanan questioned additional opportunities to increase revenue. Mr. Johnson responded that aside from working with private organizations to maximize revenue, there had been some interest from an outside organization in the land that is currently owned by Connect Transit. It was preliminary, but may prove to be another steady, long term revenue stream. He stated that the land is currently being farmed and was not a large source of revenue. He stated that in addition, advertising was another option for increasing revenue. Connect Transit would begin advertising on the vehicles. There were a number of creative ways to enhance revenue. He stated that the Front Street transfer station would be improved and along with the improvements were the possibilities for advertising, and/or naming rights. He noted that there were a variety of options, but that it was important to balance short term and long term revenue streams.

Chairperson Buchanan questioned if anyone had any additional questions or comments regarding the report that had been provided by the Study Group. Trustee McCurdy directed a question to Mr. David Hales, City of Bloomington, City Manager. He inquired about parking variations and questioned if there were a set number of parking spaces required when a new business or housing development was built. Mr. Hales affirmed, noting that most businesses and/or housing developments strived to meet the minimum parking space requirements. Andrew Johnson, General Manager, stated that it was his belief that the Study Group's report indicated that if a new business or housing development increased their parking spaces, it may have an impact on the public transit options, perhaps the creation of a transit development impact fee.

Additional discussion centered on development impact fees, and Mr. Hales stated that Illinois has only one developmental impact fee and is regulated by the State. The fee is intended for roads only. He further commented that most states across the nation have similar laws and fees in place. The revenue generated from this fee can only be used for the development of capital improvements, and may not be used for operating expenses.

Mr. Hales further went on to state that he had observed that Study Group's report did not include recommendations for contraction or expenditure reduction. He noted the recommendation that a final report be provided to the taxing bodies and suggested that in order to have a warm reception by the taxing bodies, the report should include a plan or process for expenditure reduction in the event that State or Federal funding were decreased. He stated that it is important for the taxing bodies to understand what consequences if funding were reduced, and Connect Transit had to reduce services, and how that would in turn impact the users of the Connect Transit system.

Andrew Johnson, General Manager stated that there were some students from Illinois Wesleyan University and other local leaders that were to begin working on an Economic Impact Study for Connect Transit, however that project had been delayed. He further stated that the budget and service levels are evaluated each budget cycle for funding impact. Mr. Hales recommended including that information with the final report to the taxing bodies.

Chairperson Buchanan agreed, and encouraged the Economic Impact Study.

The next item on the agenda for discussion was "Comprehensive Operational Analysis". Chairperson Buchanan stated that this project work was scheduled. She requested that Andrew Johnson, General Manager prepare some information for the Board regarding the project and how it would be utilized.

Mr. Johnson responded that the State of Illinois had awarded a grant. The grant would allow Connect Transit to complete two projects. The first was to fund a siting of potential bus stops and shelters in the Connect Transit system. This would be an informal process, a Request for Proposals (RFP) would not be necessary for this project. The second project is the Comprehensive Operational Analysis. This work would require the RFP process. The Analysis would explore a number of items such as: operational efficiencies, explore the existing routes, analyze recent changes, and how additional changes would impact the system. In addition the Analysis will take into consideration funding and what changes to consider with that funding amount.

It will build upon what the Board and Connect Transit were currently working to improve. He stated that this is an exercise that should occur in a transit system every three to 5 years. It is a tool that will provide a road map for Connect Transit's future.

Trustee Bowman questioned the siting of bus stops and shelters. He questioned the time frame for the work to be completed. Mr. Johnson responded that the siting portion of the work could be completed at any time, weather permitting, and could be completed over the winter months. Once locations were selected, shelters or stops could be installed; however, shelters are very expensive. Staff would be looking at funding options, including cost sharing. He stated that some existing shelters had been repurposed, and installed, but there were only a few. He stated that shelters can cost up to \$10,000 to \$12,000.

Chairperson Buchanan stated that the final item on the agenda was Local Funding Options. She noted that the statement meant different things to different people. She stated that a school system in the community is conducting telephone surveys to determine how the public feels about a tax increase to fund schools. There was a community group that was interested in a community center and a soccer field. There were other community groups that were considering approaching the City and Town Councils to request a levy increase. She stated that Connect Transit had not performed any surveys or approached the municipalities for funding; however, the Board and the General Manager have had conversations regarding same and other funding options. She requested that Andrew Johnson, General Manager provide an overview of those conversations and what Connect Transit's needs might be.

Mr. Johnson responded that the school districts were considering a sales tax increase that would need to be passed by referendum. He stated that the referendum could be a barrier to Connect Transit however; it could also provide some food for thought as to whether the communities would pass a sales tax increase as a means of increasing revenues. He informed the board that he was aware of other community groups that were hoping for some home rule municipal sales tax increases for funding. He stated that Connect Transit had hoped to be a part of those conversations, but had not heard from any of the organizations to date.

Other funding options included creating a transit district which would then be funded by real estate taxes. He stated that he understood that the concept would not be well received. He stated that he believed Connect Transit's current approach to increase revenues was the right approach. Connect Transit has just recently approached the business community and it was his intent that additional progress would be made. He stated that the system would be making do with what it currently had, noting that the State of Illinois is one of the most generous states in the nation for public transit funding. Connect Transit would make use of those funds to greatest extent possible. However, Mr. Johnson noted, it was important that Connect Transit position itself for the future, in the event that its existing funding sources dried up.

He stated that it was equally important that Connect Transit continue to improve service and to continue being a vital part of the community. It was necessary to inform the public of the services provided by Connect Transit to ensure that the public viewed it as necessary, important and an asset to the community. He reminded the Board that he would be attending an American Public Transit Association (APTA) conference in the near future.

He would bring back information to the Board regarding funding and any potential legislation that may impact Connect Transit.

Chairperson Buchanan questioned whether Mr. Johnson believed that funding from the State of Illinois could be drawn down. Mr. Johnson responded that it was entirely possible. He stated that the Illinois Public Transit Association was working on proposal to help preserve funding at the current levels and tie it to sales tax receipts.

Trustee Bowman questioned how much municipal funding would be needed if state and/or federal funds were decreased. Andrew Johnson, General Manager responded that the Board would need to become very educated on the budget and funding sources. The budget planning process would begin in early 2014. Work Sessions would need to be planned to assist the Board with learning all of the processes and funding sources if local funding options were going to be included. Chairperson Buchanan agreed and stated that she looked forward to future Work Sessions to become more educated on the budget and funding process.

Chairperson Buchanan stated that it was time to end the Work Session and to prepare for the Regular Session. She requested a motion to adjourn.

Motion by Trustee Bowman, seconded by Trustee Shaw that the meeting be adjourned.

Motion passed.

Mike McCurdy, Secretary