

Tempe City Council Transportation Committee

**Tuesday, March 23, 2010
3:00 PM**

Harry E. Mitchell Government Center
Third Floor Conference Room
31 East Fifth Street
Tempe, AZ 85281

AGENDA

Chair: Vice-Mayor Shana Ellis
Member: Councilmember Ben Arredondo

Call to Order

1. **Public Appearances** - The committee welcomes public comment. According to the Arizona Open Meeting Law, the Committee may only discuss matters listed on the agenda. Matters brought up by the public under public appearances that are not listed on the agenda cannot be discussed by the Committee. A 3-minute limit per person will be in effect.
2. Ad Hoc Transit Fund Committee Update (Carlos de Leon, Public Works)
3. Proposed Bus Service Changes Update (Greg Jordan, Public Works)
4. Local Transportation Assistance Fund (LTAF) Update (Carlos de Leon, Public Works)
5. Future Agenda Items
6. Future Meeting Date(s) - Next Meeting date: May 4, 2010
7. Announcements

The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. With 72 hours advance notice, special assistance can also be provided for sight and/or hearing impaired persons at public meetings. Please call 350-2905 (voice) or 350-2750 (TDD) to request an accommodation to participate in this meeting.

Memorandum

Public Works

DATE: March 18, 2010

TO: Council Transportation Committee

FROM: Carlos de Leon, Deputy Public Works Manager – Transit (350-8527)

SUBJECT: **Ad Hoc Transit Fund Committee Update**

Staff will be providing an update on the Ad Hoc Transit Fund Committee’s work to develop a recommended financial plan, which seeks to balance the Transit Fund’s projected average annual \$18 million deficit over the next five years. Attached are materials from the last Ad Hoc Transit Fund Committee meeting on February 25, 2010.

At the last Committee meeting, the Committee reviewed a draft list of tasks and schedule for the development of financial plan. This list includes the major tasks and meeting dates that are critical for delivering a recommended financial plan to Mayor and Council in May.

In addition to reviewing the tasks and schedule, staff presented the current financial forecast and three options for phasing in structural deficit reductions of \$14.1 million over the next three fiscal years. The current or status quo financial forecast is shown in Figure 1. The three structural deficit reduction options are:

- Up Front Reduction Option (Figure 2). This option would make a major reduction of \$9.61 million in the structural deficit in fiscal year (FY) 10-11, \$2.87 million in FY11-12 and \$1.64 million in FY12-13.
- Even Reduction Option (Figure 3). This option would more evenly make structural deficit reductions at approximately \$4.5 - \$4.9 million over the next three years.
- Back End Reduction Option (Figure 4). This option would make more significant structural deficit reductions toward the end of the three year period - \$3.2 million in FY10-11, \$4.68 million in FY11-12 and \$6.24 million in FY12-13.

The three options vary in how much fund balance is used to sustain operations and how much fund balance remains at the end of three year period as shown in the following table:

Option	Fund Balance (\$,000)	
	Used	Projected FY 13-14
Up Front	\$10.1	\$60.0
Even	\$18.5	\$51.6
Back End	\$21.1	\$49.0

Staff also presented requested information by the Ad Hoc Transit Fund Committee on the potential use of secondary property tax for Transit Fund debt reduction. Lastly, the Committee provided input on additional scenarios beyond a status quo scenario that should be developed as part of the transit fund financial plan.

Figure 1 - Status Quo

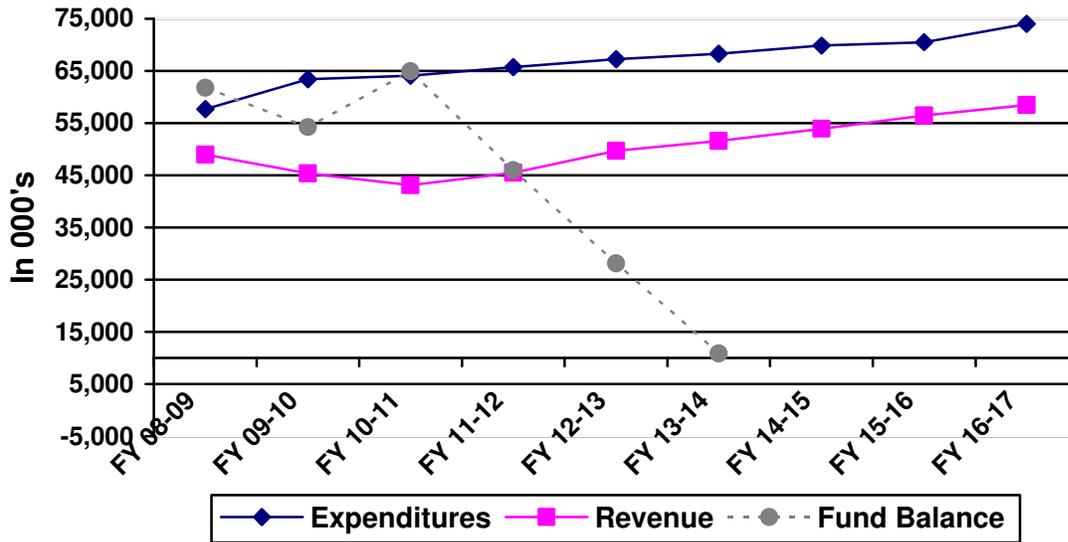


Figure 2 - Up Front Reduction Option

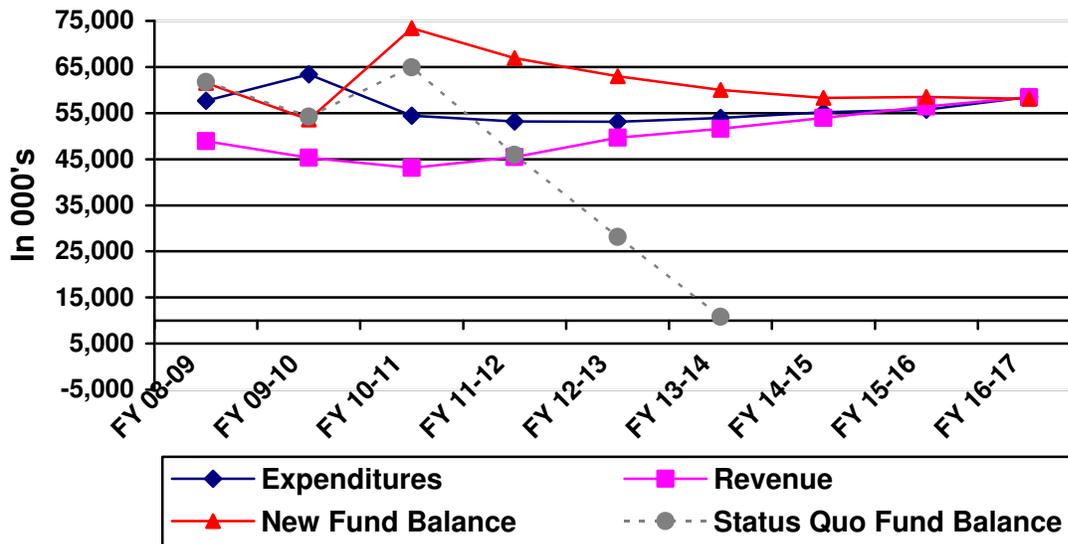


Figure 3 - Even Reduction Option

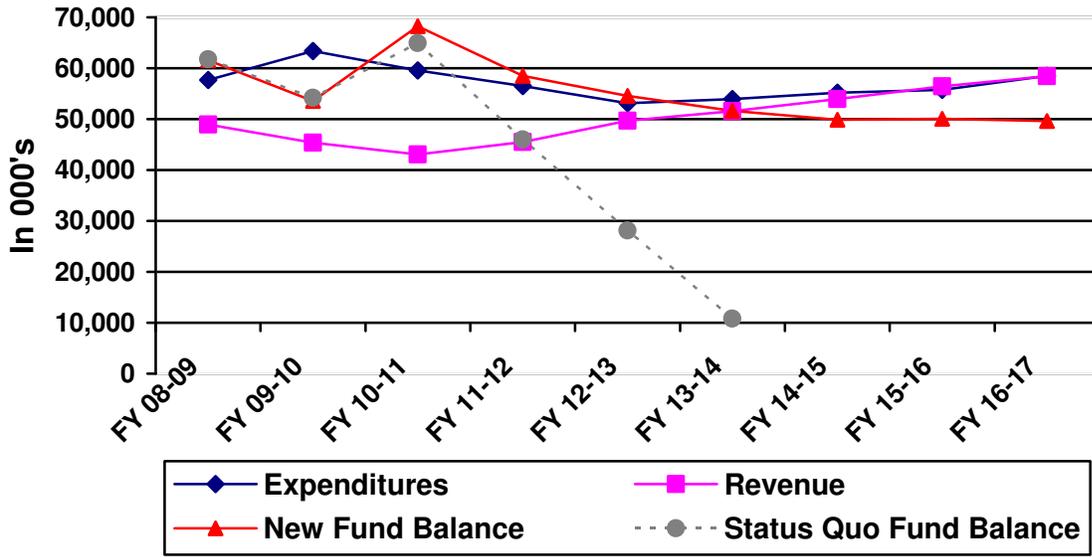
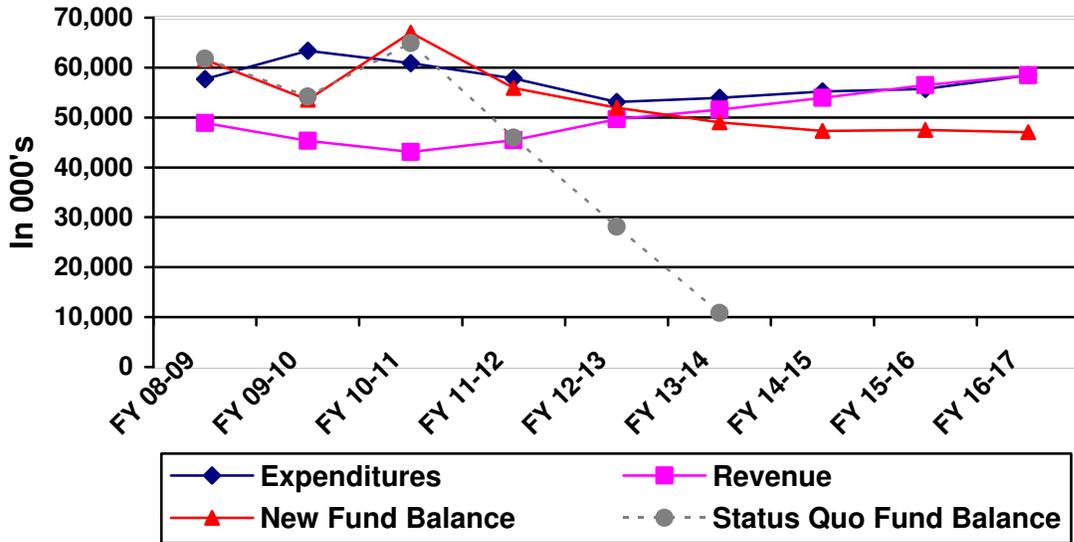


Figure 4 - Back End Reduction Option





PUBLIC MEETING AGENDA

AD HOC TRANSIT FUND COMMITTEE

Thursday, February 25, 2010

7:30 a.m.

Hatton Hall

Building B

34 East 7th Street, Tempe, Arizona

AGENDA

1. Public Appearances

The Ad hoc Transit Fund Committee welcomes public comment at this time only for items listed on this agenda. There is a *three-minute time limit* per citizen.

2. Draft Financial Plan Tasks and Schedule

3. Options for Phasing Reductions

4. Use of Secondary Property Tax For Transit Debt

5. Additional Scenarios

6. Future Agenda Items/Next Steps

According to the Arizona Open Meeting Law, the Ad hoc Transit Fund Committee may only discuss matters listed on the agenda. The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. With 48 hours advance notice, special assistance is available at public meetings for sight and/or hearing-impaired persons. Please call 350-2775 (voice) or 350-8400 (TDD) to request an accommodation to participate in a public meeting.



Memorandum

Public Works

DATE: February 19, 2010
TO: Ad Hoc Transit Fund Committee
FROM: Carlos de Leon, Deputy Public Works Manager - Transit (350-8527)
SUBJECT: Committee Meeting Agenda Items

At your upcoming meeting, we will be reviewing a draft list of tasks and schedule for the development of financial transit plan as provided in Attachment A. This list includes the major tasks and meeting dates that are critical for delivering a recommended financial plan to Mayor and Council in May.

In addition to reviewing the tasks and schedule, staff will present options for phasing in cost reductions over the next three years. Staff will also present requested information on the potential use of secondary property tax. Lastly, the Committee will be asked to provide input on additional scenarios beyond a core scenario that should be developed as part of the recommendations in the financial plan.

Transit Fund Financial Plan
Tasks and Schedule

Task/Meeting	Status	Comments
Underway or Completed		
Identify service options - LRT	Completed	
Identify core service options - bus & DAR	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	02/09/2010	
<i>Ad Hoc Transit Fund Committee Update</i>		
<i>Accountability/Governance Committee Update</i>		
<i>Marketing Budget Update</i>		
Transportation Division Staff Reorg Meeting	02/10/2010	Underway
Start development of staff plan - Staff working group	02/10/2010	Underway
Tempe - Veolia Contract Negotiations	02/17/2010	
Staff Plan - Staff Working Group Meeting		
Week of February 21		
Start public involvement - first round	02/22/2010	
<i>On-line comment form available</i>	02/22/2010	
<i>Hold first public meeting</i>	02/23/2010	
Council Transportation Committee Meeting	02/23/2010	
<i>Ad Hoc Transit Fund Committee Update</i>		
Staff Plan - Staff Working Group Meeting	02/24/2010	
Ad Hoc Transit Fund Committee Meeting	02/25/2010	
<i>Review tasks & schedule</i>		
<i>Phasing Plan Options</i>		
<i>Use of Property Tax</i>		
<i>Additional Scenarios</i>		
Start draft financial report	02/26/2010	
Week of February 28		
Hold second public meeting - first round	03/01/2010	
Staff Plan - Staff Working Group Meeting	03/03/2010	Start phasing plan
Tempe - Veolia Contract Negotiations		First review of cost reductions

Transit Fund Financial Plan
Tasks and Schedule

Task/Meeting	Status	Comments
Week of March 7		
End public involvement - first round	03/07/2010	
Transportation Commission Meeting	03/09/2010	
<i>Ad Hoc Transit Fund Committee Update</i>		
Staff Plan - Staff Working Group Meeting	03/10/2010	
Provide public comment report - first round	03/12/2010	
Tempe - Veolia Contract Negotiations		Second review of cost reductions
Week of March 14		
Accountability/Governance Committee Meeting	03/15/2010	Need to set
<i>Review public comment report</i>		
Develop Bus Phasing Plan		LRT and bus
Recommend proposed service changes - July 2010		Final review
Tempe - Veolia Contract Negotiations		
Week of March 21		
Council Transportation Committee Meeting	03/23/2010	
<i>Ad Hoc Transit Fund Committee Update</i>		
Accountability/Governance Committee Update		
Ad Hoc Transit Fund Committee Meeting	03/25/2010	Need to set
<i>Review public comment report</i>		
Review Bus Phasing Plan		
Recommend proposed service changes - July 2010		
Review draft financial plan		
Review staff plan		
Week of March 28		
Start public involvement - second round	03/29/2010	
<i>On-line comment form available</i>		
Hold first public meeting	03/29/2010	
Hold second public meeting	03/30/2010	

Transit Fund Financial Plan
Tasks and Schedule

Task/Meeting	Status	Comments
Week of April 4 Ad Hoc Transit Fund Committee Meeting <i>Review draft financial plan</i> <i>Public Involvement/Marketing budget proposal</i>	04/08/2010	Need to set
Week of April 11 End public involvement - second round Provide public comment report - second round Finalize draft financial plan	04/13/2010 04/16/2010 04/17/2010	
Week of April 18 Ad Hoc Transit Fund Committee Meeting <i>Present financial plan</i> <i>July 2010 service changes</i>	04/20/2010	Need to set
Week of April 25 Transportation Commission Meeting <i>Present financial plan</i> <i>July 2010 service changes</i>	04/27/2010	Move from April 13 date - cancel May meeting
Week of May 2 Council Transportation Committee Meeting <i>Present financial plan</i> <i>July 2010 service changes</i>	05/04/2010	Move from April 27 date
Week of May 9 Finalize report for Council meeting	05/10/2010	
Week of May 16 METRO Board Meeting Council Special Budget Meeting <i>Present financial plan</i> <i>July 26, 2010 service changes</i>	05/19/2010 05/20/2010	Talked with John Farry about rescheduling

Memorandum



City of Tempe

Date: February 19, 2010

To: Ad Hoc Transit Fund Committee
Jayson Matthews, Chair

From: Tom Duensing, Deputy Financial Services Manager

Subject: Use of Secondary Property Taxes for Transit Debt

This is to address the Ad Hoc Transit Fund Committee's request of possibly shifting the Transit debt repayment from transit taxes to secondary property taxes. In short, this would 1) be a Council policy decision, 2) be subject to voter authorization and 3) affect future Capital Improvement Projects.

Sources/Uses of Property Taxes

Property owners in Tempe pay a primary and secondary property tax. The **primary** property tax revenue is recorded in the City's *General Fund* and used to support ongoing operations such as public safety, community service programs, parks and recreation programs, etc. The **secondary** property tax revenue is recorded in the City's *General Obligation Debt Service Fund* and used to pay the debt service (principal and interest) on the City's general obligation debt.

Below are a few 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.

Example Service/Other Changes (FY2010/11 to FY 2012/13) Totaling \$14.1 million

Rail

- Shorten peak service by 2 hours
- Reduce peak freq. 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 freq. from 30 to 60 minutes
- Reduce peak service from 15 to 30 minutes
- Reduce lower performing express routes

Orbit

- Eliminate Sunday Service
- Reduce Saturday freq. from 15 to 30 minutes
- Reduce weekday freq. from 15 to 20 minutes

Other

- Renegotiate Veolia contract
- Reduce staff and other expenses



Memorandum

Public Works

DATE: March 18, 2010
TO: Council Transportation Committee
FROM: Carlos de Leon, Deputy Public Works Manager – Transit (350-8527)
SUBJECT: **Proposed Bus Service Changes Update**

Staff will be providing an update to the Committee regarding proposed bus service changes for July 2010. Due to tight timeline with the end of the first round of public involvement process and with the Commission Accountability & Governance Committee on March 22, background materials are not yet available to be included in the Council Committee agenda packet. Staff will be forwarding these materials to the Council Committee as soon as they become available.



Board of Directors Information Summary

Agenda Item #8

Date

March 16, 2010

Subject

Local Transportation Assistance Fund (LTAF) Impacts on Transit Life Cycle Program

Summary

The State Legislature has eliminated the Local Transportation Assistance Fund (LTAF) as part of the budget balancing program this year. Both streams of funds from LTAF, known as LTAF I and LTAF II, have been eliminated permanently.

LTAF I was a pool of \$23 million statewide that was distributed to incorporated cities and towns for transportation. Members of RPTA must use a minimum amount, depending on population, on public transportation. LTAF I distributions have ceased beginning February 1, 2010 and therefore 5/12^{ths} of this year's budgeted amount are impacted.

LTAF II was originally based on multi-state lottery game sales and in Maricopa County was specifically for public transportation. The LTAF II distribution for the current fiscal year has been made, so this will impact the next fiscal year and beyond.

Fiscal Impact

The policy issues have no direct fiscal impact as RPTA is not a recipient of either funds. However, some of the service RPTA operates is funded by the cities using LTAF revenues and therefore RPTA's current and future budgets may be impacted.

Considerations

RPTA funds many routes in the cities that are impacted. Some of the cities have asked that they be allowed to modify Public Transportation Fund (PTF) funded routes and shift those savings to locally funded routes to replace lost LTAF revenues. This will allow the cities to make decisions to cut services that make the most sense for that city and its neighbors.

Staff supports this strategy and will work with affected cities. RPTA will offer sub-regional meetings to coordinate changes on multi-jurisdictional routes. RPTA will also hold public hearings on the service changes on behalf of interested jurisdictions and bring the results of the public hearings to the RPTA Board for RPTA operated services.

Due to the immediate impact of the LTAF repeal, Board consideration of the recommendation below is needed to assist city/town budgets.

Committee Action Process

None.

Recommendation

It is recommended that the Board authorize the Executive Director to make changes to TLCP operating projects, as long as the changes:

- Do not result in increased PTF expenditures in a city;
- Are coordinated with city funded service changes; and
- Are coordinated with neighboring cities for routes that cross jurisdictions.

Contact Person

Paul Hodgins
Manager, Capital Programming
602-262-7433

Attachments

None