

CET Funding Sub-Committee
NOTES
September 6, 2013
9a-11a, 716 SW Evergreen Redmond, OR 97756

Members:

Jason Carr (City of Prineville/COIC Board), Alan Unger (Deschutes County/COIC Board), George Endicott (City of Redmond), Kirk Schueler (St. Charles Health System), Gary Farnsworth (ODOT Region 4), Matt Shinderman (OSU-Cascades), Dave Rathbun (Mt. Bachelor/Bend Chamber of Commerce), Chris Bellusci (COIC Board), Matt McCoy (COCC), Kim Curley (Commute Options), Jim Wilson (COIC Board), Victor Chudowsky (Bend City Council/COIC Board), Jim Kirkbride (St. Charles), Ken Fahlgren (Crook County), Wendy Holzman (City of Sisters), Joni Bramlett (ODOT)

Guests:

Karen Swirsky (DLCD), Tyler Deke (Bend MPO), Nick Arnis (City of Bend)

Staff:

Andrew Spreadborough (COIC), Scott Aycock (COIC), Karen Friend (COIC/CET), Tami Geiger (COIC)

Action Items:

- COIC to create bullet point list of highlights/progress for committee members to share.
- COIC to email and post the PowerPoint presentation.
- Fix funding table (Slide 13) to make contract income a separate source (should not be under STF funds).
- Email links to Bend TMP and Regional TMP for committee review of consultant analysis.
- Scott to contact Dave Rathbun, Matt McCoy, Kim Curley and Victor Chudowsky for additional input on the survey.

Welcome and Introductions

Alan called meeting to order at 9:06am. He thanked the committee for being a part of the solution to this important and challenging issue. He turned the meeting over to Andrew Spreadborough.

Review Committee Purpose and Meeting Schedule

Andrew directed the committees' attention to the handout packet and explained that the fourth item, Funding Mechanisms Peer Review, was the only item that was not emailed prior to the meeting.

a. Meeting Minutes – August 16

Andrew explained that COIC would provide detailed meeting minutes to best inform group members that aren't able to attend a meeting.

b. Updated Committee Membership

Kirk Schueler was the only roster addition since the last meeting. Andrew emphasized that COIC intended to preserve a formal committee that would work toward a recommendation to the COIC Board. He explained that they hoped to maintain membership continuity as they moved forward and that any alternates would help the primary members remain informed and engaged.

c. Revised Meeting Timeline

COIC staff amended the timeline so that today's meeting (Meeting 2) focused on budget and funding mechanism data and Meeting 3 would focus on governance options.

d. Outreach and Communication

In response to discussion from last meeting about providing the Cities and Counties the opportunity for feedback and engagement, COIC staff added a formal outreach period from November 1-15. Andrew commented that two weeks may not be long enough and they are open to pushing Meeting 7 (November 15) out further in order to allow more time for outreach.

COIC proposed a multi-phase approach to engagement and community outreach. Phase 1 is immediate: COIC will request time on City Councils and Boards of County Commissioners meetings, continue to provide updates to the COIC Board, present at the September 12th meeting of COACT, request time at the Bend MPO Policy Board, and outreach to businesses through chamber events. They have also built a stakeholder email list that will receive updates on the process.

George Endicott asked about stronger representation from the business community on the committee. Alan responded that Matt McCoy and Kirk Schueler are on the board of EDCO and that Dave Rathbun is reporting back to the Bend Chamber. Andrew explained that during Meeting 1 the committee had requested a senior population representative and additional business representatives. The COIC Board requested that they invite Pam Norr at the Central Oregon Council on Aging (COCOA) and that they consult with EDCO and Kim Curley from Commute Options to target businesses that may be a good fit for the committee. The initial list included Sunriver Resort, Umpqua, G5 and Altrec. They recognized that none of these businesses were located in Jefferson or Crook County.

Kirk Schueler commented that committee membership asks should focus on large employers to have the most impact. For example, St. Charles employs 3,300 people in the region. He added that it may be beneficial to approach large employers in Jefferson County. Jim Kirkbride suggested Mosaic Clinic since they operate in all three Counties and serve a population of potential transit users. Jason Carr explained that Scott Cooper was on Mosaic's board. Andrew added that they hoped the businesses that were not at the table could be engaged through EDCO and the Chambers. Kirk added that getting their feedback would be important, especially if a payroll tax is on the table. In order to make it easier to express the committee's progress, Alan suggested that COIC staff create a bullet point list of highlights to date for them to share with their organizations and boards.

Action Item: COIC to create a highlights/progress list for committee members to share.

CET Budget and Service Scenarios

Andrew explained that COIC constructed conceptual local funding needs based on a continuum and that as the level of service increases so do the costs. He added that they are confident with the cost and service level for Scenario A since that is the current condition but the others are high level estimates. He added that they would be able to provide more precise cost estimates as the committee honed in on service priorities. Andrew and Scott Aycock referred to the PowerPoint presentation as they described the current and potential scenarios.

Action Item: COIC to email and post the PowerPoint presentation.

Scenario A - Current Service and Funding

Andrew explained that the current level of service was primarily geared toward transit reliant populations. Karen Friend provided a definition of "service hours" which were determined by multiplying the total number of buses/drivers by the number of hours in operation.

The committee focused on understanding the current mix of funding. COIC staff explained that Bend was a designated urban system and had a different suite of federal funding programs than the rural system (the remaining CET services in all other cities and the Community Connector shuttles). The current General Fund contributions by City and County were presented and staff explained that most contributions from the General Fund were committed yearly but that Bend had a five-year agreement that would expire in 2015. Staff included STF funding that comes to Counties as local funding because it can be used as match for federal grants. However, there is no guarantee that the counties will direct the funding toward COIC/CET as it can be used to support a variety of transportation requests. Karen explained that the Contract Income column represented a blend of various contracts to provide services, including Medicaid rides, COCOA income for senior meal transport, and some group pass programs. The contract income may also be used as match for federal funding.

Action Item: Fix funding table (Slide 13) to make contract income a separate source (should not be under STF funds).

Alan asked about the percentage of match, whether \$1 local brings \$2 federal to the region. Karen explained that it depended on the grant and there were three different ratios: 90/10, 80/20 and 50/50. Alan also asked about the stability of the federal funds. Karen explained that federal funds are generally not at risk; however, the way the funds are allocated can be modified. For example, the 5307 funds for Bend are allocated based on the Census population (they just received a bump in funding from the 2010 Census). Rural funding has increased with the increase in rides and miles that CET provides, but the service cuts will lower the amount again. Karen emphasized that COIC has to make assumptions about what they will be successful in receiving based on past patterns. She explained that the best thing to do was to create a higher level of local funding as a contingency plan and to take away some of the volatility. Kim Curley asked which percentage was more frequent for match. Karen answered that the primary funding mechanisms are 50/50 match and the funds that have the better match rates are competitive.

Karen explained the significance of the COCOA partnership providing contract income. COCOA provides money to CET and in exchange CET offers discounted fares to seniors. This contract income can be used as match for grants. Other social service agencies purchase tickets with the money they have for transportation. Since fares cannot be used as match, this does not leverage any additional funding for the system. Scott added that CET also has an important public-private partnership with Mt. Bachelor that funds the Mountain Service in its entirety.

Andrew reviewed CET's current challenges: a volatile funding framework, forced incremental service cuts (hard on both CET and the riders), and an insufficient budget for system planning, outreach/marketing and capital replacement. He explained that COIC wanted to keep money on the road and has done so at the expense of other services (planning, outreach, etc.). Scott added that service reduction can cause CET to lose the critical mass that is required to serve riders. There currently is erosion of the ridership base (outside of Bend) as the service can no longer meet the rider's needs.

Scenario B – Sustainable Current Service

Scenario B showed stable current funding and service including minor enhancements to service hours and levels of service. Highlights included converting Redmond to fixed-route, and Madras and Prineville to flex-route (all three can be cost-neutral). Scott explained that Redmond's conversion to fixed route was originally proposed on a slower timeline but feedback during the Regional Transit Master Plan (RTMP) process indicated that people wanted more convenience and flexibility. Also, ridership level supports conversion to fixed route. Without a stable funding plan in place, COIC is hesitant to introduce fixed route in Redmond or flex route in Madras or Prineville.

Gary Farnsworth asked whether the scenario included the costs for capital expansion and bus replacement. Karen explained that it included capital cost for buses and stops and a capital replacement fund. She added that 33% of the fleet

was at life right now and COIC needed a fund to start replacing as necessary. Karen explained that they have put all of the money into operations and shied away from applying for more capital. Also, there are not a lot of grant funds available for bus replacement.

COIC staff reviewed the Scenario B draft/estimate budget (\$6.8 million). Karen noted that most contract income would require fixed-route, since a large committed ridership base would overload the Dial-A-Ride system (for example, if a student pass program were offered). The budget assumed stable federal funding and fare income. Karen added that the COIC Board would be reviewing the fare policy and determining if fares should be higher or potentially free if there was a local funding mechanism. System planning, outreach, and capital were also included in the budget.

Kirk Schueler asked for clarification on the source of instability in local funding. Andrew explained that COIC recognized that each City's General Fund had a lot of competing interests, contract income was volatile, as was STF money. Karen added that a considerable amount of income from social service agencies (\$300,000) was offered for start-up. However, many agencies have gone into retraction and have decreased their funding. Kirk clarified that the instability was a result of not having "dedicated" funding. Karen agreed and explained that COIC staff spent a lot of time applying for grants and managing the different funding sources.

Dave Rathbun asked what the capital replacement plan would do for the fleet rotation. Karen explained that they have been receiving federal funds for about 2 buses each year. Dave asked how many years it would take CET to catch-up and have an all active fleet. Karen explained that new fixed route buses have a 10 year life and with 10 in the fleet a 1 per year replacement plan would work. Dave also asked where in the budget shows the current local funding provided through General Funds. Karen explained that it was included in the "Local Need" column. It was no longer separated out because this scenario assumes it would be contributed through a different dedicated source.

Scenario C – Midterm Build Out service

COIC staff reviewed the mid-term (3-10 years out) scenario. Bend would have additional routes and expansion of current routes, later hours, increased frequency (to 30 minutes) and Sunday service. Redmond would have similar additions – new fixed routes, later hours, increased shuttle runs, and the addition of Saturday service. Also, a full transit Hub would be built/acquired for Redmond and some amenities (like swipe cards and/or WiFi). Karen added that it is likely these improvements would be incrementally introduced.

Andrew explained that the budget assumptions for Scenario C are essentially the same as Scenario B. The total cost would be \$10.3 million due to an increase in all costs except for planning and marketing and outreach. Current local funding is \$1.8-9 million and this scenario would increase it to \$6.5 million.

Scenario D – Full Build Out Service

This scenario was the toughest for COIC to visualize because it was the furthest build out. It depicted the most traditionally "urban" service – more runs, later and earlier service, and technological amenities (the services a choice rider would prefer). The proposed budget would be about \$16 million per year with \$12 million from local sources.

Andrew requested feedback from the Committee on the proposed scenarios and service levels. He explained that having an idea of the level of service desired would fuel the funding mechanism discussions. Victor Chudowsky asked if Scenario D was the only one where there were significantly shorter wait times for the bus. Scott explained that in Scenario C the wait goes to 30 minutes instead of 40 and that was the most frequent service they planned. Karen added that the consultants who worked on the service plans for the RTMP explained that the size of the community shouldn't require any more frequent service than every 30 minutes.

Action Item: Email links to Bend TMP and Regional TMP for committee review of consultant analysis.

Victor also asked whether the consultants analyzed the “bang for the buck” for different improvements – would the system earn more money adding a new route or shortening the headways, for example. Scott explained that going from a 40 minute to a 20 minute headway doubles the cost while the addition of one route does not double the cost. Karen explained that there was a lot of analysis about where routes should be, but that service could be added incrementally and based on local priorities. Scott added that there was tension between productivity and coverage that had implications for voting, especially when considering a property tax. If a person’s home or workplace isn’t served by a route then they are less likely to vote for transit.

Dave Rathbun suggested providing additional service where CET could create choice ridership. He suggested shorter headways on key corridors where there was already a demand for more “urban” type service. Kim Curley added that in urban areas people are motivated to ride transit by high traffic fees and congestion. Jim Kirkbride commented that he didn’t believe traffic/parking was painful enough yet to motivate the person who has transportation. Dave added that it was an education process that required a philosophical commitment to create choice ridership in order for it to be an economic development tool. Eric King agreed that he wanted transit to be an economic development tool and that required service for the choice rider. He stated that Scenario C would be his choice for a service level that could make an actual impact. Wendy Holzman added that for Sisters it would take a large expansion of service for it to drive economic development opportunities. Jason Carr agreed that from a rural community standpoint and considering Jefferson and Crook Counties they need to pitch a plan that added service (like a flex route) in order for it to be palatable to a community where the current level of service was so low.

The group agreed that any campaign for a tax would be tricky because of the drastically different levels of service in different communities. Alan added that they were counting on the committee members to share what level of service they thought was most desirable for their community. He also suggested that some needs could be filled by vanpools or other mobility options.

Public Transit Funding Mechanisms Analysis

Gary Farnsworth had to leave early but made a few parting comments. He explained that there could be some connection to the TRIP7 effort since anything that could benefit the 97 corridor in general could have an application. He added that the Oregon Transportation Commission (OTC) had called on the Central Oregon Area Commission on Transportation (COACT) to look at regional needs to build a revenue package for 2015 that may lend itself to the capital funding. Lastly, Connect Oregon V applications would be due in November. Alan commented that it was a difficult application because it required a 50% match.

Scott directed the group’s attention to the Funding Mechanisms Peer Review handout. He explained that the table showed different local funding mechanisms for other systems. He added that he formerly believed that Ashland used a sales tax to fund its system but that is not the case (they are a part of Rogue Valley’s property tax). Eric responded that he believed sales tax could not be used to fund transit and knew that a gas tax could not be used for transit. Scott added that they did not have a recommendation but had run some numbers based on a tri-county property tax. He explained that Scenario B (\$3.5 million) would be funded by \$.17/\$1000, Scenario C (\$6.5 million) would require \$.32/\$1000, and Scenario D (\$16.3 million) would need \$.575/\$1000. He emphasized that these figures were very ball park. They did not account for some local funding remaining (STF, for example) or compression.

Alan asked which agency/transit district matched CET in terms of service offered. Scott explained that Central Oregon was geographically very different because of the distance separating communities. Karen added that politically Central

Oregon is more conservative than Rogue Valley, but more similar to Klamath Falls although their population is much smaller. Jason asked whether a tri-county tax effort would have to include the establishment of a tri-county district. Scott explained that it would have to go through steps for district formation including the creation of a whole new organization with a directly elected Board of Directors. He added that there was a provision in statute (ORS190.083) that allowed COIC to tax for the development of transportation facilities. It currently did not allow for transit operations but there may be some opportunity for legislative change. Andrew added that Meeting 3 would focus on governance issues and options.

Review Public Survey Questions and Methodology

Scott presented COIC's draft public survey questions. The intent of the survey was to test the voter popularity of some test funding mechanisms. He emphasized that they were on a deadline and the consultants needed answers/any changes to the survey by the end of the day. Eric asked why a payroll tax was not included in the survey. Scott explained that they would need to get statutory authority to have a payroll tax in Central Oregon. Karen added that a payroll tax would present a cost to business but not the average community member.

Jim Kirkbride suggested asking whether the respondent owned property. Victor suggested that they change the wording to use the term "bus system" to simplify the language and agreed that the property ownership question should be included. Dave added that he thought there should be more transparency and the bus system funding issue should be presented to the respondent before the questions were asked. He felt that the current questionnaire presumed a lot of negativity that would bias the responses. Eric suggested making it clear that a \$.20 property tax would provide 'x' service and a \$.40 tax would provide 'y' service. Victor added that it was difficult to poll about something that most people don't and won't use. He added that when most people are polled about a public good they tend to be more magnanimous than they would in real life. For the last vote in Bend, the poll indicated 55/45 in favor and the vote reality was the reverse. Scott explained that the survey calls, analysis and final report needed to be concluded by the end of September.

Action Item: Scott to contact Dave Rathbun, Matt McCoy, Kim Curley and Victor Chudowsky for additional input on the survey.

Meeting adjourned at 11:05am.