

Minutes

Kalamazoo County Transportation Authority

Committee of the Whole

January 26, 2009

Place: Room 207B, County Administration Building
Time: 5:30 p.m. – 6:54 p.m.
Members Present: Paul Ecklund, Diane Kempen, Terry Kuseske, Greg Rosine, Char Sumney, Linda Teeter, Jan VanStratt
Members Absent: Jack Mekemson
Others Present: Jerri Barnett-Moore, Peter Battani, Deb Buchholtz-Hiemstra, Ken Collard, Vivian Dobbins, Bill Dundon, Dale Hein, Sean McBride-City of Portage, Michelle McGown, Claudette Reid, Gabrielle Russon, Steward Sandstrom, Bill Schomisch, Jack Urban, Judy Whitehurst, and Lori Pyatt

Chairperson Teeter called the meeting to order at 5:30 p.m.

1. ROLL CALL

A motion to excuse Mr. Mekemson was made, supported and approved.

2. PREVIEW OF MILLAGE PROPOSAL(S)

Chairperson Teeter said that after the millage failure, a team had been developed to help look at numbers and help plan the next steps. She welcomed Mr. Battani, County Administrator, and Mr. Collard, City Manager, to present their plan.

Mr. Battani began by highlighting the main points in the document that he and Mr. Collard developed. (A copy of this document will be kept on file with the official minutes.) The Introduction describes the history and explains the challenge before the KCTA; he summarized the challenge saying that if the next millage(s) failed, the system may need to be cut in half, and that would be the best-case scenario.

He then summarized the plan's six key points, as follows:

- Focus all effort on obtaining local millage support (i.e.: delay transfer of transit system, delay branding plans).
- Pursue a two-tiered millage: in November, the TAB would ask for one level for the City of Kalamazoo; in May, the KCTA would ask for a lesser level from the County (KCTA's millage would provide funds for all Demand Response and routes outside the City).
- Seek the lowest possible millage rates to provide the existing basic level of service.
- Reduce costs through operational efficiencies.
- Increase revenues from line haul fares and analyze fares for C-A-V and Metro Van.

-The TAB and KCTA would engage in a coordinated and substantial public awareness effort to communicate the importance of public transportation. He believed that if the community knew what was at stake, they would support it.

The Plan also suggested that the KCTA work to have Public Act 196 amended to enable a transit authority to levy a multi-tiered millage.

Mr. Collard emphasized the importance of having a 'consensus approach' because public transportation was something the community couldn't live without. He added that the plan was subject to revision in order to arrive at the best sustainable proposal. He urged that any changes be addressed immediately in light of the February 24th deadline for submitting the language for the May ballot.

Chairperson Teeter opened the floor for questions for the guests. Mr. Rosine thanked the men for their plan, and said he liked that it included two millages for two levels of service provided. He thought it was a good starting point to have discussions with community members and leaders.

Mr. Kuseske, chairperson of the KCTA Budget and Finance Committee, stated it was important to have intergovernmental cooperation on moving forward. He added that it was important that everyone have a share in keeping transit alive in the community, including the riders. He thanked the men for coming.

The guests clarified that the millages would be in place for three years. They also stated that the routes outside the City of Kalamazoo would fall under the KCTA's millage.

In response to a comment from a Board member, Mr. Battani confirmed that many scenarios were considered (and there was no perfect solution), but this was as close as they could get toward fair payment for services received. Mr. Kuseske reiterated that Act 196 restricted the KCTA in the way it could move forward.

Ms. Sumney thanked the men for a definite plan of action.

Chairperson Teeter recognized Jerri Barnett-Moore, Deputy City Manager and Bill Dundon, Former County Finance Director. Ms. Barnett-Moore described the process used to determine the City's Millage amount. The Plante Moran scenario given to the KCTA had been adjusted as follows:

- “Personnel-Fringe” was reduced because the City was self-insured.
- “Fuel Related Costs” was reduced since gas prices had fallen.
- “Capital” was taken out for comparison purposes because the City did not list this as an operating expense.
- “Administrative Payment to the City” was increased since the halt in transition had stopped the change in providers for some administrative duties.
- “Reorganization” and “Transition Expenditures” were reduced due to the halt in the transition.

Collard stated the assumptions that went into the new budget scenarios were the following:

- There would be a two-tiered millage.
- The electorate could be asked to pay less than the past millage proposals.
- The millages should reflect actual services provided to all the electorate.
- The City would receive Metro Van services for the countywide millage.
- There would be no service reductions because they were already at a basic level of service (it would be difficult to ask for a millage that would simultaneously reduce the level of service).
- There would be a fare increase.
- Metro's fund balance optimal range would be between 13% and 15%, and it would be needed in order to keep up with cash flows because Federal funding comes in several months after the time that it is needed each the year. It would also function as a cash reserve to cover unexpected expenses such as spikes in gas prices.
- Having revenues exceed expenditures could increase Metro's fund balance. Having tax collections come in higher than projected could increase the KCTA's fund balance.

Chairperson Teeter reiterated that the .4 mills would cover C-A-V, Metro Van and the replacement of the old jurisdictional contracts (just as it had been since 2006).

Ms. Barnett-Moore then went over her documents describing the costs the KCTA would pay to Metro for C-A-V, the Portage Routes and Metro Van. These numbers were used to help arrive at Metro's proposed budget and its proposed millage.

Mr. Dundon then explained his document that calculated the proposed County millage:

- The proposed County millage assumed a 3% increase in tax value growth with a collection rate of 96% (which have been dependable numbers over the last 20 years).
- The KCTA would reimburse Metro Van costs to Metro starting in 2010.
- If spending stayed the same, the KCTA would use up their Fund Balance by November '09 and would finish the year with a potential 200K shortfall at January 1, '10.
- Staff was budgeted for until 1/1/10.
- The .4 mills, according to Mr. Dundon's projections, could be renewed in three years and still cover operations.

Chairperson Teeter stated that the guests could be asked to run different scenarios considering the staff that the KCTA would need for the transition. She then thanked the guests for coming.

3. PUBLIC HEARING TO CONSIDER REVISED BUDGET

Chairperson Teeter gave a brief overview involving the need for a revised budget.

A motion was made by Mr. Kuseske and supported by Ms. Sumney to open the public hearing. The motion passed by voice vote.

Mr. Hein gave an overview of the Draft KCTA 2009 Proposed Operating Plan, and gave a brief history of the preparation of the document. The Public Education line item had been combined with Marketing. He noted that Metro Van was not listed in the draft because that scenario had been presented after the draft had been prepared. The number for Kalamazoo Co. Transportation was different between this document and the City's numbers because both budgets covered different fiscal years.

Claudette Reid asked how the draft budget was made available to the public, specifically if it had been posted to the website. Mr. Hein stated that it had been posted in the County Administration Building, but it had not been posted on the website.

Jack Urban asked for clarification on the Public Education account. Chairperson Teeter said that the Public Education dollars had been combined with the Marketing line item because the old terminology wasn't ideal and the functions of the two accounts were similar.

A motion was made by Mr. Kuseske to close the public hearing. The motion was supported, and it carried by a voice vote.

Chairperson Teeter stated that the Budget would be approved at a future meeting.

4. CITIZENS' TIME

Claudette Reid stated that she appreciated the work that Mr. Battani, Mr. Collard and their staff had done. Regarding their suggestion that Metro-Van be paid for by the Authority, she wondered, because of ADA requirements, if Metro Van and regular line haul could be functionally and legally separated. She also pointed out that having a three-year millage would put the next renewal on a presidential ballot. She wondered if it would be wise to establish a 4½-year millage in order to allow the next millage votes for the City and County to be on the same ballot.

Jack Urban stated that the recommendations from Mr. Collard and Mr. Battani were an excellent start and thought that the plan was "about as do-able as it could be". Regarding having the State pass changes to allow one Authority to levy two different millages, he thought that the chance for that to happen would be slim. He had been told indirectly that legal advisor, Jeff Ammon, thought it was possible that it would be ruled unconstitutional if challenged in court. He stated that there was a way to keep two Authorities and have the affect of two millage levels by having the City's Authority be expanded to all the urbanized area. He hoped that the KCTA would maintain the vision of a combined countywide system.

5. MEMBERS' TIME

Ms. VanStratt appreciated the comments brought forth that evening.

Ms. Sumney stated that she had called Mr. Hein to inform him that she had been caught in traffic and would arrive late for the meeting.

Ms. Kempen asked to Board to excuse her late arrival. She stated that she frequently is released from work late, which could keep her from arriving on time in the future.

Mr. Rosine thought the proposal was a good start. He also stated that he would like to have the budget be made available on the website.

Ms. Teeter asked Mr. Hein to find out when funds approved by the voters were collectible, and how that would affect the budget.

6. ADJOURNMENT

The meeting was adjourned at 6:54.