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**HARTLINE STUDY GROUP
Finance Subcommittee Meeting
Friday, February 10, 2006, 9:00 AM
601 E. Kennedy Blvd., 26th floor, Conference Room B
Tampa, FL 33602**

Subcommittee Members Present (3)

Kathy Harris, chair
Brian Delamer
Barbara Merritt

Others Members Present (3)

Brian Blair
Norbert Gobin
Carlton Lewis

Staff Members Present

John Dausman, Study Group Consultant
Christine Beck, HC County Atty's Office
Ned Baier, HC Plng & Growth Mgmt
Beth Alden, Planning Commission
Sandra Sroka, HC ADA Liaison
Debbie Ward, HARTline
Mary Shavalier, HARTline

Subcommittee Members Absent (0)

Others Present

Gloria Mills
Pierre Mathurin

Ted Hull
Sheryl Brown

Welcome and Introductions

Kathy Harris, subcommittee chair, called the meeting to order at about 9:06am. After introducing herself, Ms. Harris asked each Study Group member and attendee to introduce themselves.

Gloria Mills commented on the importance of the Study Group effort and the potential impact the result could have.

Mission Statements

Barbara Merritt read the HARTline Study Group mission statement.
Brian Blair read the HARTline mission statement.

Approval of minutes of January 27, 2006 meeting

John Dausman described corrections that were included in today's handout compared to the email version distributed earlier. Kathy Harris asked for comments and corrections to the revised January 27 meeting minutes. Hearing none, Barbara Merritt moved, and Norbert Gobin seconded, a motion to approve the minutes as presented. The motion passed unanimously.

Public Comment

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Pierre Mathurin distributed a handout regarding bus ridership in selected cities and he noted a correction in the date pertaining to Orlando's data. He pointed out that ridership was up at most transit agencies. He suggested that funding is the single most important issue in increasing ridership. He described a rental car fee adopted by Broward County to fund regional transit. He said that Orlando was considering a similar arrangement.

Brian Blair asked what current rental car fees are in Hillsborough.

Norbert Gobin commented that cars rented at Tampa International airport cost more than the same car off airport property. He advised caution in loading on taxes that might hurt tourism.

Beth Alden commented that the MPO, as an organization, does not have a position on the Study Group mission. She noted, from her personal perspective, that the issue of whether there should be a link between service allocation and the area providing the funding is an interesting one. She commented on the current split of operating revenues at HARTline between fares 20%, state and federal grants 15% and property tax 62%. She elaborated on the portion of ad valorem generated by unincorporated county. She concluded that in return for the 38% of revenues that come from unincorporated ad valorem, county residents receive broader benefits from transit than just the service miles.

Brian Blair asked if population was a significant factor in qualifying for grant revenues similar to the important of population in ad valorem funds.

Beth Alden responded that population is a factor but added that density was a significant factor as well.

Carlton Lewis arrived at the meeting at about 9:20am.

Kathy Harris recommended that Study Group disregard the current HARTline model and focus on what would be the best model for the county's future.

Beth Alden responded that lower density areas are harder to serve. She recommended the Study Group look at unique ideas being developed to provide transportation for seniors by ITN America as a desirable public service model.

Follow Up Questions Posed to HARTline

John Dausman explained that the Study Group had asked HARTline to provide information on two issues. The first was the funding sources for the Tampa downtown circulator and the second was the amount of attorney fees paid by HARTline over the past two years. Debbie Ward distributed a handout regarding the second issue.

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Brian Blair noted the title of the handout should be corrected to say 2004-2005, not 2002-2005. Debbie Ward concurred.

Mary Shavalier presented HARTline's response to the first issue. She said that the annual operating cost of the Tampa downtown rubber-tired circulator, route 96, is about \$725,000 per year.

John Dausman asked if that number included depreciation.

Debbie Ward responded that the number did not include depreciation, but all other costs were fully allocated.

Mary Shavalier continued that in 2005 the City of Tampa contributed \$50,000 toward operation of the route. She said that after subtraction of the city contribution and fares, a subsidy of about \$578,000 was required out of ad valorem and grant revenues.

Brian Blair if the \$578,000 was paid out of general revenues.

Mary Shavalier responded that the state operating grant is included with ad valorem in general revenues.

John Dausman commented on the existence of three tax-increment finance districts in downtown Tampa and Channelside. He continued that these tax funds did not appear to support the central business district circulators while county ad valorem largely made up the gap. He asked if HARTline sought specific funding like the TIFs from the City, and, if so, what was their response.

Mary Shavalier responded that she was not familiar with the history of the funding in Tampa. She added, however, that many localities use a variety of funding mechanisms to support downtown circulators. She explained a shared parking revenue model that worked successfully in Chattanooga. She said such an approach would be valuable for Tampa because the service should run every 5 minutes to be attractive to downtown workers and visitors. She commented that HARTline is open to all ideas.

Debbie Ward added that HARTline aggressively sought subsidy funding from the City, but the City only provided the \$50,000 indicated.

Barbara Merritt asked if the \$50,000 per year had been constant for a long time.

Debbie Ward responded that she would have to research the history.

Ms. Ward continued with a response to the second issue. She noted that the original question referred to a comment in HART's 2005 audit that noted a high

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level of general liability expenses in recent years. She clarified that attorney fees were not included in that item, but were in addition to those amounts. She referred to the handout that indicated HARTline's attorney costs were about \$799,000 in 2004 and \$597,000 in 2005. She pointed out that attorney costs declined by \$200,000 from 2004 to 2005.

Kathy Harris asked who does oversight of legal expenses at HARTline.

Debbie Ward responded that the General Counsel reports directly to the Board of Directors. She added that staff oversees individual items, but not the pass through amounts to other legal firms.

Kathy Harris asked what HART was doing to control and reduce legal costs.

Debbie Ward described the development of an RFP to seek bids for general counsel and also current Board discussion about possibly creating an in-house attorney position.

Kathy Harris asked if there was a risk management function at HART and whether they were involved in legal fee oversight.

Debbie Ward confirmed that this function exists and is involved in any area related to claims and lawsuits.

Kathy Harris commented that the amounts on the handout looked out of line. She asked if there was a change in direction at HART.

Debbie Ward responded that the new director has a much different philosophy on many areas.

Brian Blair asked what options the RFP for legal services will allow.

Debbie Ward described the Board's desire that firms be allowed to bid on specific legal specialties or the whole contract at their discretion.

Brian Delamer expressed support for allowing flexibility in bidding because it might lead to more desirable billing rates for each specialty needed.

Brian Blair asked if the rates were set in the RFP.

Debbie Ward responded no, that the rates were part of the response from bidders.

Kathy Harris asked if a dollar cap was going to be included in the RFP.

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Debbie Ward responded in the negative, but added that such a cap might be desirable.

Kathy Harris recommended that a cap be included in the contract. She described a natural conflict between a chief executive's desire to be shielded from risk by outside counsel's advice versus in-house budget constraints.

Debbie Ward responded with a description of how the RFP will result in a contract that specifies the billable rates for each level of service, from general counsel on down.

Brian Blair asked how much the current general counsel charged for his services.

Debbie Ward responded that it was \$195 per hour.

Brian Blair commented that he thought it was reported to the HARTline Board that HARTline's general counsel rate was \$125 per hour.

Brian Delamer concurred that he remembered hearing a lower number. He described how routine legal services should be contracted at lower rates than specialized legal counsel.

Kathy Harris described a situation several years ago with the county's indigent health care program where a third party was needed to verify that rates and amounts for legal services were reasonable and justified. She added that this outside review lowered costs and would be helpful at HARTline as well.

Debbie Ward responded that HARTline's new risk manager has been aggressive at reviewing and challenging invoices for outside service.

Open Discussion of Issues and Conclusions Drawn

John Dausman reviewed handouts distributed at the beginning of the meeting that pertain to this topic. He explained two handouts regarding ad valorem taxes collected by HARTline over its entire history and a comparison of funding contributions of unincorporated county to City of Tampa contributions for the past ten years. He also explained a handout that summarized about 40 topics that had been discussed so far by the finance subcommittee.

Kathy Harris referred to opposition and apprehension that existed at the beginning of the Study Group project and the degree of participation that everyone has given to the effort. She stated that the focus now is how to make HARTline better, not kill HARTline. She recommended that the Study Group should have a goal of providing better transit for our community. She asked Study Group members to offer their conclusions.

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Norbert Gobin referred to his conclusions that he presented at the service subcommittee discussion of this same topic.

Brian Blair said that he believed each community deserved to know what its return was for its investment in HARTline. He explained that he believed transit service was similar to a public service like fire stations where all taxpayers support them, but few need them. He said that an important aspect of public support for fire stations was equitable distribution of facilities throughout the county and not concentrated in one area. He commented that equitable distribution is a key issue in improving HARTline.

Commissioner Blair continued with a second conclusion that HARTline does not actively consider alternatives to buying vehicles and running all services and functions itself. He called this a cost-plus model. He recommended that HARTline aggressively include contracting and privatization in its services and administrative functions.

Commissioner Blair concluded with a third conclusion that he said HARTline is already beginning to implement. He called for more entrepreneurship at HARTline such as advertising on shelters and shared partnerships. He said he sees evidence that new management is starting to bring this thinking to HARTline.

Mary Shavalier responded that HARTline is struggling with how to measure return on investment at the community level. She said that documenting benefit is difficult, but added that the agency's Vision 2016 effort is one example of attempting that documentation. She concurred that low density areas must be looked at more seriously by the agency by considering more options for service such as van pooling, demand response service and taxis.

Brian Delamer recommended a "gozzinta and gozzouta" approach. He referred to the finance subcommittee's previous discussion of tangible and intangible benefits of transit. He concluded that the resources that "goes into" HARTline are well documented but that important benefits that "goes out of" HARTline are not well documented. He expressed a need to understand the make up of benefits better. He referred to the downtown circulator discussion as an example where the benefit to express riders needs to be included in the value of that service to county residents. He also commented that our county has many centers of commerce such as USF area, Brandon, Westshore, and downtown Tampa and that all must be considered in the service equation.

Gloria Mills agreed with an earlier comment about the complexity of the issue. She referred to criticisms at the beginning of the Study Group project about not specifically including the City of Tampa in the Study Group membership. She added, however, that she believed that the current distribution of HARTline

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services is not equitable. She commented on communities like Riverview and Ft. Lonesome who must pay the ad valorem tax but receive no service at all. She commented about the fire station analogy by noting that such facilities, including hospitals, are often a long distance away in rural areas. She commented that overall funding is still an important issue and that increased revenues through sharing, such as with a school board referendum, are desirable.

Brian Blair responded to the fire station comment by adding that rural distances may be greater but facilities are still distributed throughout the county. He suggested that transit facilities like more park and ride lots would be the kind of comparison he is making.

Ned Baier commented on the call to assign dollar values to benefits. He referred to such efforts at the port and airport as indications such an assignment can be done but he added that accomplishing that goal is probably beyond the Study Group's timeline and resources.

Debbie Ward commented that HARTline had attempted a privatization effort in the 1990's and that records of that effort were provided to John Dausman.

Brian Blair asked whether some agencies use privatization now.

Debbie Ward responded that some agencies are entirely contracted to private management.

Carlton Lewis commented that it was unreasonable to expect the same service in all areas. However, he believed that each taxpayer should have confidence that tax money is well spent and must see where the dollars are going. He described initial opposition to buses in his neighborhood when a Town 'N Country circulator was first introduced but the service is now seen as desirable. He described the process of gentrification in Town 'N Country that is having positive impacts after a period of decline. He added that residents don't want to see large buses on their neighborhood streets. He said that circulators are important in the central areas of the city but that services like park and ride facilities are more important in suburban areas. He stressed the need for convenience above the specific type of service. He explained a personal incident where a missed bus resulted in a two hour wait for the next. He also commented on groups of riders waiting at key stops for long periods without the benefit of shelters or benches. He stressed the need to address basic convenience and safety issues.

Kathy Harris said that her main conclusion about HARTline's structure is that it takes all resources just to maintain the current system. She commented that there must be a paradigm shift because the current governance set up has become more and more difficult. She identified three issues for attention. First, she recommended that HARTline shift focus from moving vehicles to moving

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people. She commented that the current system does not go where large numbers of people need to go. She recommended that HARTline be able to identify the number of people living within one-quarter mile of existing routes as the real market for current structure of service, not the whole population. She recommended focus on other solutions that serve the people that are not reached by the current structure.

Second, Ms. Harris concluded that mass transit should be viewed like the port and airport which are largely operated by multiple private entities with a government oversight component. She suggested that if such an approach were followed, over time HARTline would transition to a different view of service provision. She added that there is limited authority to make such a change currently and that only the HART Board of Directors can do it. She recommended that the Study Group should take a broad view to do something completely different including changing the governance concept of HARTline.

Third, Ms. Harris recommended that a “customer service” orientation toward tax payers is needed. She said that tax payers need to know what they are getting for their dollar. She commented that getting something in return for taxes is a fact of life. She recommended that HARTline adopt the view that the transit system should serve “me” as well as anyone else.

Carlton Lewis asked for clarification of the recommendation to “move people, not vehicles.” He believed there is a redundancy in some instances between school buses and transit buses, especially for high school travel. He excluded pre-k and elementary school bus transit as being too specialized to consider now.

Kathy Harris agreed with the shared partnership philosophy. She described a concept of HARTline core service surrounded by a feeder system. She said that HARTline can’t change enough to do the feeder system itself.

Ned Baier endorsed the idea of attracting more choice riders. He said that today’s view is focused on transit as a social service, at least in our community. He added that HARTline’s mission statement and Board direction is at the core of these issues. He commented that the biggest challenge to change is HARTline’s current limits of funding and governance.

March Shavalier endorsed the “broader view.” She commented that if the Study Group had significant time and budget, the group could see first hand other options that are already being done elsewhere. She explained how the transit service in her former home, Calgary, Canada integrated walking paths and lack of barriers into access to transit. She compared that to the problems created by the gated subdivision model that is common and popular in Florida.

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Carlton Lewis commented on the development of community based plans. He noted that the Town 'N County plan recommends elimination of cul-de-sacs and sets a goal of a walkable community.

Kathy Harris commented that all our planning agencies know, support and promote the walkable community approach but lack the power to make it happen politically.

Barbara Merritt endorsed the concept that community buy-in is critical. She added that questions like "what is the benefit" and "how will this help us" are important for achieving buy-in. She commented that the benefit in one community could be social service but another community may need travel options for entertainment or shopping. She concluded that marketing is an essential part of the planning for transit.

Ms. Merritt continued by referring to the importance of labor costs as a very high percentage of HARTline's budget. She connected that with information distributed at an earlier meeting about turnover during the past five years. She quoted national research that it costs one-third of a year's salary to train a new employee. She asked what the cost consequences were of HARTline's turn over rate and whether a different approach is needed. She commented on a salary and benefits program in Broward County where compensation is linked to success in accomplishing targets. She referenced a link between grants achieved and compensation of planning personnel as an example.

Kathy Harris described her situation working for a non-profit where a combination of the various functions of general counsel, risk manager and one-half of the HR function allowed the organization to save on total positions while benefiting the employee. She added that this is harder to achieve in government than in private entities. She expressed a belief that some functions must be performed by government, but that other functions don't have to be. She recommended that opportunities be available for employees as well as management.

Norbert Gobin referred to a list of areas for improvement that was presented by Ralph Hughes at a prior meeting. Mr. Gobin commented on specific recommendations seeking efficiencies in staffing levels. He called for a performance audit to identify opportunities to achieve efficiencies.

Brian Blair asked if the service subcommittee had already adopted such a recommendation.

John Dausman responded that the issue was raised at the service subcommittee but the recommendation was left for the whole group to consider.

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Brian Blair asked if that was any objection to making it a recommendation of the finance subcommittee.

Kathy Harris responded that she had no objection but that she hoped the subcommittee would not limit its view on the current situation but focus on a broad view to take transit to another level in our county. She called on Study Group members to come forward with broad recommendations.

Open Discussion of Recommendations to Whole Study Group

Brian Delamer commented that a tourniquet was needed to stop immediate bleeding at HARTline while building a new organization. He suggested a long term recommendation of changing HARTline's philosophy to an entrepreneurial one which aggressively seeks partnerships with private companies and communities. He recommended investigating which organizations are willing to partner in financial support, such as advertising opportunities. He referred to a list of supportive organizations previously distributed by Denise Layne.

Mr. Delamer continued with recommendations for the short term which were 1) develop vehicle sharing with other entities and 2) find a way to outsource non-core functions (such as routine maintenance). He concluded that the core business should be to serve more people which he equated with facilitating commerce.

Carlton Lewis asked what leverage the county has as just one member of HARTline.

Kathy Harris responded that she believed that it will take a partnership with other members and a relationship shift. She added that this was easier said than done. She commented on the history of residency of HARTline Board members that strongly favored the City of Tampa until recently. She proposed a recommendation to the BOCC (Board of County Commissioners) that the BOCC adopt the same residency requirement for commissioners serving on the HARTline Board as for private citizen appointees. She clarified the intent that both commissioners and citizens appointed to the HARTline Board by the County should all live in unincorporated areas.

Brian Blair asked if this was intended as a formal motion.

Kathy Harris answered yes.

Brian Blair seconded the motion.

Sheryl Brown commented that the County already requires citizens appointed to the HARTline Board live in unincorporated county.

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Barbara Merritt commented that even within the ranks of the BOCC, itself, having a majority of commissioners live in unincorporated county is a new phenomenon.

Gloria Mills agreed with the call for a paradigm change toward focusing on moving people. She recommended emphasis on changes that give people more choices, not just in the city, but county as well. She added that choice was a goal of HAFIT (Hillsborough Advocates for Improved Transit) which she represents. She also referred to the prior discussion of high turnover at HARTline. She commented that the situation may be partly due to a mistaken attitude of new hires that their goal is to drive vehicles rather than serve customers. She added that many drivers may become discouraged by the reality of their job which was not made clear during recruitment.

Brian Delamer made some specific recommendations which were: 1) focus on increasing ad revenues, 2) invest in “free days” on a regular basis to encourage choice riders to give the bus system a try, 3) shave overlapping service and routes with other organizations such as the school system (high school level) and provide service for the partner organization on remaining routes in return and 4) perform the required analysis to identify what the dollar values to the community are of things like people riding in a bus rather than driving cars, air quality improvement, facilitating commerce and wear and tear on roads.

Kathy Harris asked if anyone objected to any of these specific recommendations.

Support was unanimous.

Norbert Gobin responded that he supported ad revenue on bus shelters but that he did not have a bus shelter to use.

Mary Shavalier added that revenue options help get more shelters.

Brian Delamer concluded his long term recommendations by adding that local businesses and local communities should be partners in developing and supporting circulators.

Brian Blair summarized his recommendations as: 1) HARTline should be able to identify what the return on investment is for each community’s investment, 2) identify travel needs throughout the county and find a method to serve it, 3) conduct a performance audit to locate inefficiencies and 4) look at other communities to determine what they are doing to lower costs, particularly trends in contracting.

Barbara Merritt asked if the call for partnerships included Sunshine Line and HARTline paratransit services.

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Brain Delamer responded yes.

Kathy Harris referred to federal grant funding from the 5307 block grant program and noted the agreement between Pinellas and Hillsborough and the factors used in determining funding allocation such as population, density, and demand response (paratransit). She recommended that the BOCC request a report of how and why the arrangement is done the way it is. She also requested that the BOCC request a report on the division of funding dollars between communities. She noted that no such formula or equity arrangement exists for any area within our county such as there is with Pinellas, Pasco and Hillsborough Counties. She recommended that the BOCC ask for a cost benefit analysis of possible combination of Sunshine Line and HART paratransit and whether a third party vendor should be included in some combination. She also recommended that the concept of "on demand" transit be expanded beyond traditional paratransit trips. She recommended that the BOCC endorse a shift of emphasis away from vehicles to people and require HARTline to develop a plan immediately to accomplish the goal within two years. She continued that the BOCC should request a report of HARTline regarding how many people live within one-quarter mile of an existing bus stop with subtotals by jurisdiction. She requested that the BOCC follow up the Study Group project with further investigation of how the transit system can be made more convenient for the non-traditional rider. She recommended that the whole Study Group take up the issue of whether HARTline governance should change and whether funding methods should change. She referenced the indigent health care program that raises significantly more funds to serve a similar population as transit. She clarified that the issue is whether the funding source should be looked at. She recommended that the BOCC look at the economic activities of HARTline and determine if entrepreneurial alternatives, like contracting, would help the organization achieve its mission better.

Ms. Harris commented that the above recommendations are longer term. She added that she had some recommendations for immediate implementation. She recommended that the BOCC request that HARTline set aside 100 percent of all increases in ad valorem tax dollars from the unincorporated area above 2005 levels for expansion of service in unincorporated areas until such time as HARTline can provide a report that promises made to voters in the original referendum are achieved.

Ned Baier requested clarification about how express services costs are determined in this scenario.

Kathy Harris responded that it was not her intent to create a box around HARTline, but that her goal was to identify issues for HARTline to address.

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Gloria Mills recommended a study to determine if a different funding method would be better. She recommended getting away from ad valorem altogether.

Kathy Harris responded that the cost/benefit analysis would allow the community to look at that option, but that the purpose of her recommendation was to address the current situation as well.

Brian Delamer recommended that the base year be 2006 instead of 2005 so that the county will not be accused of removing service from the City of Tampa.

Kathy Harris accepted that amendment to her recommendation.

Kathy Harris continued her short term recommendations that the BOCC request that HARTline immediately issue an RFP for feeder service in Brandon, Valrico, Riverview, Southshore, and USF area, and other areas indicated by statistics as candidates for feeder service.

Brian Delamer requested that Town 'N Country and Citrus Park be added to the RFP list.

Carlton Lewis seconded the amendment which Kathy Harris accepted.

Kathy Harris emphasized looking at private options to provide this service. She added that HARTline can submit a bid as a provider for the service if they wish, but that it must be open to all.

Ms. Harris continued with a recommendation that the BOCC request HARTline to submit their annual budget for review and comment, but not approval, before adoption so that member jurisdictions understand what is in the budget rather than complain mid-year.

Brian Blair asked if this would include a requirement to identify what each jurisdiction receives in service.

Kathy Harris responded that her request did not include that requirement specifically but she believed that the process of review will probably encourage it to occur of its own accord.

Ned Baier endorsed the budget review recommendation and suggested that the request be specifically targeted to the elected body, not just administration.

Kathy Harris accepted that suggestion.

Ms. Harris added a final recommendation that the BOCC not provide any subsidy to HARTline unless matched in some way by the other jurisdictions.

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Brian Delamer moved to accept all the recommendations presented.

Barbara Merritt seconded them.

Brian Blair asked that the recommendations from today's meeting be reviewed by the Study Group's consultant for presentation to the whole Study Group.

John Dausman confirmed that he will follow the same process as the service subcommittee meeting to prepare a written statement of the recommendations which the Study Group will take up on February 24.

Kathy Harris thanked HARTline staff for staying with the process even in the face of tough questioning and thanked everyone for their participation.

Brian Blair seconded the thanks to staff and participants.

Kathy Harris adjourned the meeting at about 11:11 am.