

MEETING: STRATEGIC AND OPERATIONAL PLANNING COMMITTEE

DATE: WEDNESDAY, MAY 5, 2021

TIME: 9:00 AM – 10:30 AM

LOCATION: Via WEBEX

MEETING MINUTES

1. CALL TO ORDER

Marlon Moore called meeting to order at 9:00 AM.

2. ROLL CALL

Board Members Present

Marlon Moore, Chair
Steven Gladman
Doug McCollough
Tim Skinner

Board Members Absent

3. APPROVAL OF THE MARCH 10, 2021 STRATEGIC AND OPERATIONAL PLANNING COMMITTEE MINUTES

Trustee Skinner motioned to approve the March 10, 2021 Strategic and Operational Planning Committee minutes. Doug McCollough seconded the motion. Motion carried.

4. NEW BUSINESS

FARE POLICY PRESENTATION – ANGEL MUMMA, CHIEF FINANCIAL OFFICER

Angel Mumma, Chief Financial Officer, presented COTA's Fare Policy. In December 2020, the Board approved a contract with Four Nines. Major points:

- COTA evaluates its fares every three years. COTA considers farebox recovery ratios, affordability, inflation, comparable fares in peer cities, and public input when exploring potential changes.
- It is the ideal time for review given the update of COTA's fare management system.

- High-level base fare peer comparison with 25 agencies; detailed comparison with 10 agencies provide a cross-section of the different fare structures and policies implemented in the US for comparable transit agencies.
- Current State Analysis* conducted by Four Nines; SWOT developed. (*Current State Analysis is provided as a supplemental report.)
- Potential fare strategies are being identified for exploration and modeling for future consideration by the Board of Trustees in September.

Fare Policy Goals

- Affordability and equity
 - Reducing barriers to using transit by considering fare affordability and equity
- Technology
 - Encouraging use of new fare media
 - Defining policies for the new fare management system
 - Supporting use of technology to reduce use of cash for fare purchase
- Ridership
 - Leveraging capabilities of the new fare management system, such as fare capping, to promote transit ridership
 - Promoting transit ridership by supporting employer and student pass programs
- Simplicity/ease of use
 - Creating a more seamless fare payment experience for riders
- Financial stability
 - Establishing guideline for periodic fare changes

Fare Strategies being Explored and Modeled

- Fare Capping
 - Enables a rider to pay towards a pass in increments, and fares are capped once a rider has paid the equivalent of a day, weekly, or monthly pass.
 - Most commonly done on daily and calendar monthly basis.
 - A few transit agencies cap on a daily and weekly basis.
 - Provides riders with the best and lowest fare based on transit use.
 - COTA's new fare collection system can support fare capping.
 - Daily
 - Monthly (calendar based)
 - Elimination of 7-day pass (including for fare capping considerations)
 - Elimination of rolling passes that begin on day one of use
 - Two Hour Pass

- Elimination of the one-way valid for two hours
- Flat Fare
 - Elimination of the rush hour fare upcharge
- Discount eligibility – 50% of standard fare
 - Children between 5-12; Seniors (age 65 and older); Medicare cardholders; All Veterans; Disabled; Low-Income; One discount pass program (discontinue offering two different discount programs – Senior and Key)
- No Fare
 - All children under 5
 - Elimination of 48” height limit; elimination of limit up to three children under 48” tall ride free

Low-Income Program

- COTA current state: For Title VI reports/resolutions, low-income is defined as median household income at or below 150% of the Department of Health and Human Services Poverty guidelines for a two-person household.
- Ideal state: utilize existing social services criteria (and proof) to determine eligibility.
 - Reduces barriers (paperwork/additional application, stigma, providing proof of income, etc.) to participate in the program.

Other Strategies/Program being considered

- Non-profit pass program
- Employer pass program
- Student pass program
- Residential pass program
- Special events pricing

Trustee McCollough asked, can you describe the farebox recovery ratio? It is the percentage of your cost observed by fares. Meaning to the extent that it's not covered by fares that means it's being subsidized by sales tax. Is the percentage higher or lower than before? It is lower and it has gone down to approximately nine percent. Using existing social services criteria is really great.

Trustee Skinner, on the five options for passes, for the employer pass program would that be on the bus? It would be opened up to anyone not in the C-pass program. If we are at a 150% and some of the examples show that you're at 130%, is there a possibility we will lose offering those discount to riders? Yes, but keep in mind that today we don't

have a discounts program in place. That 150% is simply for when we analyze the impact of changes we're making.

FARE MANAGEMENT PRESENTATION – ANGEL MUMMA, CHIEF FINANCIAL OFFICER

Angel Mumma, Chief Financial Officer, stated that in December 2020, the COTA Board of Trustees approved a contract with Masabi for a modernized fare payment system. The purpose of this presentation is to provide a status update on the project which consists of: key considerations during implementation; product roadmap/timeline for launch; and benefits to our customers. Our future is focused on providing equitable access to safe and affordable transit to all populations with special focus on ease of use for the most vulnerable.

Customer First

For the customer shift to a new fare system, several factors were considered to ensure the best solution for the community, our customers, and COTA. Key considerations:

- Equity – ensure COTA provides a service that supports all within the community.
- Value – save customers money and time with the introduction of fare capping.
- Accessibility – introduce retail network locations to increase ease of digitizing cash.
- Customer Focus – minimize the number of changes and messages for the customers between the various phases.
- Cashless – reduce on-board cash use and make contactless payment more readily available.

Customer Migration

The following migration approach is based on when the technology will be available to COTA:

- **Wave 1: Cash-based customers, period pass customers (Aug/Sept).** Fare capping, retail network, mobile app, customer portal, and smart card are now available for use for these customers. Cash will still be accepted on the farebox as will period passes for the foreseeable future.
- **Wave 2: Partner programs (new and existing), C-pass customers (Sept-Dec).** New partner programs can be established in the system and the transition of C-pass customers over to the new technology begins.
- **Wave 3: Connector card/mobile app customers (Oct-Dec).** Customer currently using the COTA Connector card or app can use the new system with wave 1 users. This wave will focus on the sunset of the Connector program and migration of remaining customers.

- Wave 4: Other partner programs using magnetic stripe IDs (beginning Q1 2022). This will be an ongoing effort working with partners that use their own issued magnetic stripe employee/student photo IDs and how COTA can bring them into the new system.

Trustee Moore commented, that the data analytics as to who's using the locations is very important. Training would be key. We have to meet our community where they are and this would be new for a lot of people.

Trustee Skinner asked, will the smart cards be available at the 400 retail outlets we're looking at, where they go in, purchase a card, load it there and be ready to ride? Angel replied, we will not have the smart cards just hanging out at the 400 locations and that's for a couple of reasons. We really want the smart card to be the last resort. We want to drive people to the mobile. Now, we recognize not everybody has a mobile device, but we also recognize over 90% have a mobile device. We currently have 60,000 smart cards on order. The lead time for those smart cards is 35 weeks because of the technology in them and coming from overseas. Therefore, we don't want people to treat these smart cards like throwaway passes. It all goes back to our marketing efforts and really trying to get people on that mobile first so that we preserve the smart cards for those who need it most.

LINKUS UPDATE – KIM SHARP, SENIOR DEVELOPMENT DIRECTOR

Kim Sharp, Senior Development Director presented the LinkUS update. The Northwest Corridor Phase 1 is wrapping up. There will be a summary report for review within the next 30 days. East-West Corridor – multiple analysis are currently underway, including preferred guideway and costs; public engagement in May; and COTA Board will be considering Locally Preferred Alternative (LPA) Adoptions and Resolution(s) at July 2021 Board meeting. Northwest Corridor Phase 2 Design Work will be under contract management with the City of Columbus; COTA will enter a Financial Agreement with City of Columbus.

Trustee Skinner, how much duplicated services will be done? Are the East-West and Northwest kind of combined together, can we combine the two at the same time to speed things up or make it more efficient? There are some overall efforts such as a ridership model that is very specific that the federal government expects that we did develop earlier in the year; and that will be applicable to all the corridors.

Trustee McCollough, I understand that waiting for the analyses to complete and being informed is where we are. Is there any other role for the Board or this commit at this

time? Is there something that we should be doing in support of these decisions? Kim replied, encouraging your constituents, our neighbors, if there's interest to be involved with the public engagement strategy on linkuscolumbus.com. The online survey has closed, but that public Open House in May and the information that goes along with it, there will be interactive materials for people to give their opinion.

RESOLUTION 2021-XX – AUTHORIZING A CONTRIBUTION AGREEMENT WITH THE CITY OF COLUMBUS FOR THE LINKUS NORTHWEST CORRIDOR PHASE 2

This resolution is to recommend to the Board that COTA submits \$3.75 million towards a \$4.5 million Northwest Corridor Phase 2 project. The resolution does outline the tasks as well as the forthcoming MOU and the DB participation expectation with the ongoing contract.

It was recommended by Trustee Skinner that the resolution be moved to the Board's agenda.

OPERATING FUND AND LIQUIDITY POLICY PRESENTATION – ANGEL MUMMA, CHIEF FINANCIAL OFFICER

Angel Mumma, Chief Financial Officer, explained the new operating fund and liquidity policy. Requesting Board approval of a Fund Balance and Liquidity Policy to replace existing policies/practices. Considerations are: Metrics used by Moody's and S&P; COTA's revenue/expense circumstances (i.e., reliance on one primary source of revenue); and liquidity analysis.

Trustee Skinner, currently we are at one month with three months in reserves and we are looking to expand that out to six months reserve with three months of that held in liquid form in case we needed it, is that correct? What is one month's expenditure equal to? One month of expenditure is about \$13-\$14 million.

Trustee McCollough, obviously I have seen this work, but in looking at the number of months that you're proposing now, should we anticipate that it would extend again in the future as well as you try and put us into the best fiscal position since it is not the top of Moody's rating? Is this going to be an ongoing thing that we continuously try to approve perhaps again? Angel stated that one of things that we have to be cognizant of is it's a fine line. We are largely taxpayer funded and we always run the risk of if you have too much sitting aside, what is the message you're sending to the tax base.

RESOLUTION 2021-XX – AUTHORIZING THE ADOPTION OF A GENERAL OPERATING FUND BALANCE AND LIQUIDITY POLICY

Trustee Skinner recommended that the resolution be moved to the Board.

COTA INVESTMENT POLICY UPDATE – ANGEL MUMMA, CHIEF FINANCIAL OFFICER

A new draft of the COTA Investment Policy was provided. The largest changes made to the investment policy, which was last updated in 2011, were to get rid of the details that would need to be updated any time Ohio Revised Code changed. We are largely required to follow Ohio Revised Code when it comes to how we can invest our public funds, so we simplified it a great deal by simply stating we will follow Ohio Revised Code as amended over time.

RESOLUTION 2021-XX – AUTHORIZING REVISIONS TO COTA'S INVESTMENT POLICY

Trustee Skinner recommended that that this resolution be added to the Board's agenda.

5. ADJOURNMENT

Trustee Moore motioned to adjourn the Strategic and Operational Planning Committee meeting. It was moved the Tim Skinner. Meeting adjourned at 10:20 a.m.

Next Meeting: 9:00 AM, Wednesday, July 7, 2021

Adopted: _____ **November 3, 2021**

Signed: _____
[Signature]
Chair, Strategic and Operational Planning Committee

Attest: _____
[Signature]
President/CEO

BOARD STRATEGIC AND OPERATIONAL PLANNING COMMITTEE:

Marlon Moore, Chair
Steve Gladman
Doug McCollough
Tim Skinner