
APPENDIX A

Mass Transit District

Policies and Procedures No. #1

Board Approval: November 13, 2000

SUBJECT: Policy regarding MTD's regional role and partnerships

PURPOSE:

The purpose of MTD's regional role and partnerships policy is to establish a framework for MTD's actions and responsibilities in regional transportation issues and decisions.

POLICY:

It is the policy of MTD to focus on improving mobility in the region, with a particular emphasis on public transit service provision. As MTD's customer base is highly compatible with pedestrian and bicycle access, and other forms of transportation demand and supply management strategies, MTD will also concentrate efforts in these arenas. MTD will actively seek productive partnerships to improve regional mobility.

PROCEDURES:

MTD has developed several specific procedures to support implementation of the regional role policy:

- As the regional public transit operator, MTD will perform a proactive and lead role in addressing transit related issues throughout the region.
- MTD will serve, as able, as the lead advocate for other than single occupant vehicle transportation improvements in the regional planning area. These include pedestrians, bicycles, high occupancy vehicles, and all transit modes.
- MTD will serve as a general advocate for improved mobility in the region for all modes of travel, and participate actively with groups and organizations promoting regional mobility and supporting land use and development patterns.

- MTD will seek out partners in order to fulfill its role as mobility advocate for the region. Partners will include, but not be limited to, city planning departments, departments of transportation, State and federal agencies, the Champaign County Regional Planning Commission, businesses, the University, developers and community groups.
- MTD will act as a productive and responsive partner, actively participating in matters pertaining to regional mobility.
- MTD will work directly with agencies responsible for zoning, development project approvals and street design to encourage pedestrian and transit oriented development. MTD will present transit as an essential public service and provide information on development components needed to ensure easy pedestrian and transit access to development (e.g., sidewalks, street lighting, bus stop locations, bus stop amenities, bus turnaround locations). MTD will leverage transit industry resources on sustainable development and livable communities to help demonstrate the need for consideration of transit and pedestrian movement early in the development process.
- MTD will seek additional funding for general mobility improvements, and as funds support, take a lead role in implementing improvements in other than single occupancy vehicle improvements. MTD will not divert funds intended for the planning and operation of transit services to other modes, or diminish provision of high quality transit services.
- It is MTD's goal to achieve a 35% market share for journey to work trips made by transit, walking and biking in the urban area within ten years. This statistic was reported as 28% in the 1990 Census. MTD will seek buy-in of this goal from partner agencies and organizations as well.
- MTD will make efforts to preserve abandoned railroad right of way as supported by available revenues for future pedestrian, bicycle and transit uses, even if properties are outside District boundaries if a benefit accrues to citizens within the boundary.

Original Policy Adopted on November 13, 2000
 Policy Revised on N.A.

Mass Transit District

Policies and Procedures No. #2

Board Approval: November 13, 2000

SUBJECT: Service and Planning Area Policy

PURPOSE:

The purpose of the MTD Service and Planning Area Policy is to establish a logical framework for making decisions regarding annexation and changing of District boundaries.

POLICY:

It is the policy of MTD to engage in sound transit planning, cooperating with other transportation and mobility stakeholders. As development outside the District boundary often impacts travel requirements and demand within the boundary, MTD will on a routine basis examine an expanded urban boundary for planning purposes. In an effort to maximize coordination among public agencies responsible for transportation, MTD will use a planning area contiguous with other transportation planning boundaries (e.g., CUUATS).

MTD's service area boundary policy strives to extend service areas to become co-terminus with boundaries of local jurisdictions it serves, and also where there is local support. MTD will extend District boundaries to be co-terminus with the cities of Champaign, Urbana and Savoy, and automatically annex areas consistent with municipal annexations in the future. MTD will also strive, over time and as resources and conditions permit, to extend service boundaries to match planning boundaries, subject to annexation regulations.

PROCEDURES:

MTD will follow several specific procedures in the implementation of the service and planning area policy:

- MTD will use a planning area boundary contiguous with other regional transportation planning boundaries (e.g., CUUATS) and coordinate transit service plans with other transportation improvement plans. MTD will consider transit needs within the entire planning area, and also note impacts of developments in the planning area on service within the District boundaries.
- MTD will change its regional planning boundary consistent with other regional transportation planning efforts.
- MTD will take positive steps to extend the District boundary to become co-terminus with the boundaries of the local jurisdictions which it serves. MTD intends to exercise its authority to annex all areas not taxed as farm land within the cities of Champaign, Urbana and Savoy. As these municipalities modify their jurisdictional boundaries, MTD will follow suit.
- Over time, MTD will seek to further extend the District boundaries to be consistent with the regional transportation planning boundaries, subject to annexation regulations and actual development patterns (i.e., as the planning boundary becomes urban in nature). Specific steps include:
 - MTD will meet with officials of said jurisdictions to discuss service needs, benefits and issues with District annexation, and seek support for annexation.
 - MTD will communicate the benefits of inclusion in the District to the public residing in those areas. MTD will gauge relative public support for annexation and service in those areas.
- Any new areas annexed must support regional priorities for land use, economic development and revitalization. Any new services provided to annexed areas will not deteriorate transit services provided within the pre-existing District.

Original Policy Adopted on November 13, 2000
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Mass Transit District

Policies and Procedures No. #3

Board Approval: November 13, 2000

SUBJECT: Transit Service Evaluation Policy

PURPOSE:

The purpose of the MTD transit service evaluation program is to monitor and assess the investment of public resources in transit services to ensure viable and productive mobility returns to the region. The process ensures a consistent and routine evaluation of transit service productivity.

POLICY:

It is the policy of MTD to objectively evaluate all transit services provided on a routine and ongoing basis to ensure that public resources are invested wisely. This policy also identifies routes and services where transit service improvements are warranted either because transit demand is too high or too low.

PROCEDURES:

MTD has adopted several specific procedures to ensure effective implementation of the service evaluation program:

- Management will prepare and submit to the Board of Directors, at least quarterly, passengers per hour on a line by line basis for fixed route service and a service area by service area report for direct (i.e., general public demand responsive) services.
- Management will prepare and submit to the Board of Directors on an annual basis, a comprehensive transit service evaluation report as part of the budgeting process. This report will include specific recommendations for service modification and action, where appropriate, to meet service standards.

- The critical performance measure for the service evaluation program is passengers per hour of service. This is a direct measure of service effectiveness and a strong indicator of cost effectiveness (e.g., hours are the primary determinant of cost, and passengers are the primary determinant of fare revenue). Further, passengers per hour of service is directly measurable with a high level of accuracy.
- The service evaluation program will compare transit service performance with like services. Transit service groupings are as follows:
 - Campus fixed route: by weekday day, weekday evening and weekend
 - Non-campus fixed route: by weekday day, weekday evening and weekend
 - Direct services: by campus and non-campus.
- Route by route and service by service performance will be compared to the average for that grouping (e.g., every campus fixed route operating during weekdays will be compared to the average of all campus fixed route weekday routes). Route by route and service by service performance will be reported in terms of both passengers per hour of service and as a percentage of the average performance for that service class. A percentage score of 100% means that the service in question performs exactly at the average for all services in that class or grouping of services.
- MTD may add peer agency data if one or more service classes have insufficient data to calculate a meaningful class average for comparison. In such a case, the peer data would be included in the calculation of the average and the comparison of lines and services.
- Any routes with a percentage score of 150% or more warrants consideration for improvement. As part of the comprehensive annual report, management will analyze and recommend improvements to the service to leverage the high performance. The action plan must detail specific improvements, analyze the financial capacity to support those improvements and project the future impact on ridership.

- Any routes or services with a percentage score of 50% or less of the class average also warrant consideration for improvement. As part of the comprehensive annual report, management will analyze and recommend service and other changes that can improve overall performance. The action plan must detail specific improvements, analyze the financial capacity to support those improvements and project the future impact on ridership. Action plans may include changing the class of service provided (e.g., changing from fixed route to direct for all or part of a route), changing service frequencies, restructuring the route alignment or service area, marketing and/or other improvements.
- Some service changes will require a public hearing prior to action by the Board of Directors, consistent with laws and funding regulations.
- Management will report implementation actions and impact on passenger demand on a quarterly basis for all routes with action improvement plans (i.e., those at or above 150% of average class performance and those at or below 50% of average class performance).

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Mass Transit District

Policies and Procedures No. #4

Board Approval: November 13, 2000

SUBJECT: New Service Offerings

PURPOSE:

The purpose of the MTD new services policy is to establish a rational and consistent process for evaluating and assigning priority among new and expanded transit service proposals.

POLICY:

It is the policy of MTD to follow an objective and consistent process, using established criteria, to evaluate and prioritize requests for new service, whether within or outside the existing District boundary. New transit services may be proposed by staff, other agencies, developers and/or the general public. The policy focuses on providing transit services in a fiscally responsible manner, and therefore requires both preliminary analysis and a demonstration period of performance prior to becoming a regular transit service.

PROCEDURES:

Specific procedures are provided to help guide transit service investment decisions. The procedures are illustrated in Exhibit 1, and are discussed below:

- Any party can propose new services to MTD, and MTD staff will perform the transit service analysis.
- New service requests must be separated into those which reside in the District's boundary and those which do not. Any transit service outside MTD's jurisdiction must be provided on a zero net subsidy basis. That is, no local or existing state tax revenues from within MTD's jurisdiction will be used to subsidize service outside the taxing boundary. A third party (e.g., city, county, developer, employer, neighborhood) must make up the difference between the cost of service and fare revenues received for transit services outside the District boundary.

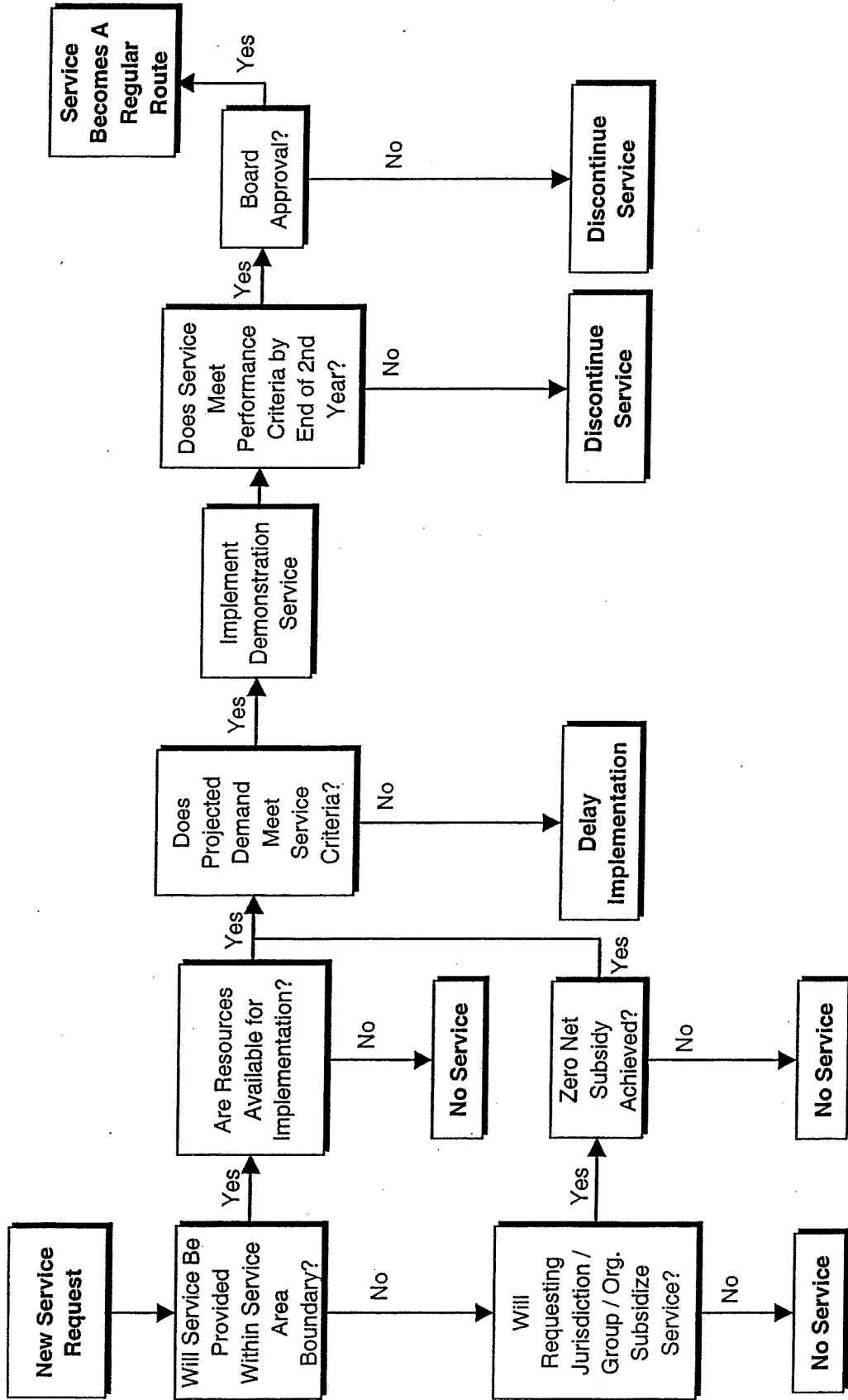
- If the proposed transit service is fully within the District's boundary, resource availability must be examined. If sufficient resources are available to support the proposed service it proceeds to the next step. If not, the service proposal must await sufficient funding before proceeding.
- If a proposed transit service is partially within and partially outside the District boundary, costs and fare revenue must be allocated between the two. The part outside the boundary must be supportable on a zero net subsidy basis, and the part within the District must be implementable within available funding.
- The next step is to compare projected demand for the proposed new service to MTD's transit service criteria. These criteria (the subject of a separate Board policy) establish minimum thresholds of demand for different levels of transit service. If the projected demand meets the criteria, the service is to be implemented as a demonstration service. If it does not meet the service criteria, the service proposal is not to be implemented.
- All new transit services are to be implemented on a demonstration basis. Even the best of projections are subject to error, and the demonstration period allows a prudent examination of actual transit service results. During the demonstration period, MTD may change service levels, schedules, headways, marketing and the like to promote high performance. MTD should make clear to the public that the service is a demonstration service; consistent use of that service will help convert it to regular service.
- No demonstration service shall be in effect longer than two years from service initiation. After not less than one year, and not more than two years, the MTD Board of Directors can discontinue the demonstration service or convert it to regular transit service through direct Board action. The service should not be approved as regular transit service unless it meets the service performance criteria. If no Board action is taken, the service is discontinued automatically at the end of two years.
- During the demonstration period, MTD management will provide the Board of Directors quarterly reports on the service, actions taken to improve performance, actual demand and fiscal impact.

- The Board of Directors may either convert a demonstration service to regular service, or discontinue a demonstration service without a formal public hearing (a public hearing is required to discontinue a regular transit service). Even so, it is prudent to solicit public input on service decisions at a scheduled meeting of the Board of Directors.

Original Policy Adopted on November 13, 2000

Policy Revised on N.A.

**Exhibit 1
NEW SERVICE IMPLEMENTATION PROCEDURE**



Policies and Procedures No. #5

Board Approval: November 13, 2000

SUBJECT: Fare and Contract Fee for Transit Services Policy

PURPOSE:

The purpose of the MTD fare policy is to ensure a fair and reasonable relationship between the cost of service provided and the fare/contract fee charged for such services.

POLICY:

It is the policy of MTD to review the fare and contract fee for transit services policy on a routine basis to ensure that fares and fees assessed reasonably reflect the cost of services provided. It is the intent that fare policy will be reviewed prior to contract negotiations with the University of Illinois to ensure consistency between cash and pass fare prices established by MTD and the contract fees charged for University and other group use of transit services.

PROCEDURES:

At least every two years (and more frequently if circumstances warrant) the MTD Board of Directors will review its comprehensive fare and contract fee for transit services policy. The following actions are required to support the fare policy:

- MTD management will prepare and submit a report to the Board of Directors assessing fare and contract fee for transit service charges relative to inflation, peers, operating cost recovery, financial need and other relevant information.
- MTD management will recommend a change to, or continuance of, the existing fare structure and pricing, based on the analysis. Any price change will consider coin combinations reasonable for fare payment, prepayment strategies, impact of fare changes on operations and the expected impact of the change on ridership.

- The MTD Board of Directors, after reviewing the management report and recommendation(s), will make a determination on how to proceed. If no change is deemed necessary by a simple majority vote of the Board of Directors, no additional action is needed until the next review cycle (maximum of two years).
- If a change is warranted in the contract fee for transit services:
 - The Board of Directors will give management specific direction on how to proceed with negotiations with the University, and other contract groups.
 - Management should proceed with negotiations as directed, and if agreement is reached consistent with Board direction – execute the contract.
 - If management is unable to negotiate a contract consistent with Board direction, management must report to the Board the best solution discussed with a recommendation for action. No contract can be implemented without Board approval.
- If a change is warranted in the fare charged the general public:
 - The Board of Directors will provide management with direction as to the fare policy to present for public comment.
 - Management will advertise a public hearing on fares consistent with laws and regulations.
 - The public hearing will be held on the proposed fare policy change, and public comments recorded.
 - MTD will consider the public comments received, and MTD management will prepare a report recommending appropriate action by the Board of Directors.
 - A simple majority vote is required by the MTD Board of Directors to implement a fare policy change. Failure to achieve a majority results in continuance of the existing fare structure and pricing.
 - If a fare change is adopted, management will prepare and execute an implementation plan for the new fare policy.

- Within two years of Board action to adopt either a fare change or contract fee for transit services change, or make a finding of no change necessary, management will prepare and submit a report reviewing the fare and contract policy as noted in the first bullet above.

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Mass Transit District

Policies and Procedures No. #6

Board Approval: November 13, 2000

SUBJECT: Property Tax Levy Policy

PURPOSE:

The purpose of the MTD property tax levy policy is to authorize revenues required to meet the mobility needs of residents in a fiscally prudent and legally compliant manner.

POLICY:

It is the policy of MTD to implement the property tax authority provided by the State of Illinois in a fiscally prudent manner to support required transit services within the District boundaries. The taxing authority will be used responsibly and MTD will ensure that resources are used to benefit residents within the taxing boundary.

PROCEDURES:

MTD has defined several specific procedures to implement the policy:

- MTD will use tax authorities to support transit services for residents within the District boundary.
- MTD will fully implement the revenue authorities provided before seeking new authority or public approval of new funding approaches.
- The MTD Board of Directors will assess the tax rate consistent with legislation (growth capped by CPI and the increase in new assessed value) and will consider the 5 percent super-notification requirement.
- MTD will consider both immediate and long term (e.g., ten year) revenue impacts of tax rate decisions.
- MTD will also consider inflation trends and the general economic climate when making tax rate assessment decisions.

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Policy Revised on N.A.

Policies and Procedures No. #7

Board Approval: Date

SUBJECT: Capital Reserve Policy

PURPOSE:

The purpose of the MTD capital reserve policy is to ensure sound financial planning and preparation for future needs, and to help maintain agency financial credibility for bonding.

POLICY:

It is the policy of MTD to fund depreciation in an effort to create a capital reserve for meeting the asset investment needs of the future. The policy establishes guidelines for funding the reserve and the use of reserves.

PROCEDURES:

Several specific procedures are defined to support the creation and use of a capital reserve fund:

- MTD will establish and maintain a capital reserve fund intended to meet the local share of any routine asset replacement program, asset expansion or upgrade, and even operating expenses in some cases.
- In addition to providing funding for known future needs, a capital reserve provides a safeguard against future funding shortfalls or gaps in funding. It also establishes MTD as a sound financial manager, ensuring positive debt and bond ratings when needed.

- As a policy, MTD will strive to fully fund depreciation for capital assets on an annual basis. MTD retains and uses assets beyond their economic life, and will, at times, replace assets that are fully depreciated.
- Depreciation provides an estimate of local contribution requirements, and is easier to measure than replacement needs. Note that federal and state monies are available for many capital replacement and investment requirements, lowering the burden on local resources.
- In addition to funding depreciation, MTD will place any operating surplus in the capital reserve. This will help the MTD close the gap between replacement needs and the capital reserve balance.
- Depreciation will not be funded to the detriment of current operations. The Board of Directors will review the fund balance and fund actions to ensure consistency between operating needs and investment requirements.
- Use of capital reserve funds for any purpose requires explicit approval by the Board of Directors.
- The capital reserve fund is expected to provide the local share for asset replacement, asset upgrade, technology investment and one time operating costs, including, but not limited to special programs, marketing campaigns, and special studies. The fund may also be used to address unexpected financial pressures, including but not limited to a fuel crisis, funding shortfall, or funding receipt delay. The capital reserve fund is not intended to be an ongoing source of funding for routine operating costs.
- Monies may be borrowed from the fund and paid back at a later date.

Original Policy Adopted on date
 Policy Revised on date