

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF September 25, 2006 MEETING

Board Members Present: Thomas Deller, Chairperson; Robert Batting, Vice-Chair; William Kennedy and Director James Capaldi.

Absent: Sharon Wells

Also Present: Alfred J. Moscola (General Manager); Richard Licht (Outside General Counsel); Andrew Prescott (Outside Labor Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Ellen Mandly and other members of RIPTA's senior staff and the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of July 18, 2006 Meeting

Mr. Deller opened the meeting at 12:55 p.m. and requested comments regarding the minutes of the July 18, 2006 meeting. Hearing none, a motion was made for the approval of the minutes of the July 18, 2006 meeting by William Kennedy, which was seconded by Robert Batting. The Board unanimously approved the minutes as presented.

Agenda Item 2: General Managers Report

Mr. Moscola reported that the cost of fuel has been coming down. The highest cost per gallon for fuel to date for FY 2007 was \$2.62; the low on September 24th was \$2.03. To date, the average cost is \$2.38 per gallon. The budgeted amount for FY 07 is \$2.60. Mr. Moscola hopes fuel prices continue to decline.

Mr. Moscola was pleased to report that the Rhode Island School of Design (RISD) has joined RIPTA's Upass program. RISD signed a four-year contract, which commences on October 1st that will generate \$447,428 in revenue over four years without adding additional service. In FY 2007-2008, the UPass program will generate revenue of \$1.95 million for RIPTA. Almost all the universities in the state are part of the program, and Roger Williams University and Brown University, who currently are participating on a part time basis, have expressed interest in expanding to RIPTA's full UPass program.

Mr. Moscola informed the Board that he is looking to reduce the size of the trolley fleet and has four trolleys for sale. He also eliminated 62 feet of wood trim from the bottom of the fleet's trolleys for a savings of \$2,032 per trolley. Eliminating the wood on all of the Authority's trolleys will save \$61,000 per year.

Mr. Moscola discussed costs savings realized by working with Beacon Insurance to reduce the cost of workers' compensation. Ms. Neira reported that in January 2005 there were 26 employees on workers compensation and by August 2006 that number was reduced to 13. The savings per week is \$6,214 and at this pace Ms. Neira anticipates a yearly savings of over \$300,000. Mr. Deller asked if there were questions on the General Manager's report and hearing none moved on to the next agenda item.

Agenda Item 3: Acceptance of FY 06 Audit Report Presentation by Prescott, Chatellier, Fontaine & Wilkinson

Representatives from Prescott, Chatellier, Fontaine and Wilkinson, RIPTA's auditing firm, joined the meeting and addressed the Board with the results of the FY 2006 audit. Theresa Cabral reviewed the information included in the audit package, and provided the Board with an overview of the audit. After answering questions regarding obsolete inventory and pension report requirements from the Board members, Mr. Kennedy moved that the Audit report be approved as presented. Director Capaldi seconded the motion, which passed unanimously. Mr. Deller then noted that the Board was reviewing and approving the audit report today so it can be submitted to the State Auditor General's Office.

Agenda Item 4: FY 2008 Preliminary Budget

Maureen Neira addressed the Board to discuss the Preliminary FY 2008 Budget. She reminded them that at the last board meeting the FY 2008 budget assumptions were discussed. The preliminary FY 2008 budget totals \$91.3 million, representing a 5.6% increase over the FY 2007 budget, leaving RIPTA with a potential \$3.3 million deficit for FY 2008. Total expenses increased \$4.9 million, which is mostly due to an increase in contractual wages and an increase in pension, fuel and health benefits. As Mr. Moscola noted in his General Manager's report, the cost of fuel has come down recently and Ms. Neira hopes this will have a positive impact on the FY 2008 budget.

Ms. Neira noted that she was notified by the Department of Human Services (DHS) of a potential negative change in the funding structure for RIPTA's Rltechare program. However, few specifics were included in the notification.

Ms. Neira reported that the mortality table used in determining pension costing is being updated this year. Currently the RIPTA plan is based on the mortality table developed in 1971 but will begin using the table developed in 1983. The government mortality tables always run many years behind ERISA plans in the private sector. This change will increase the budget by \$250,000. Mr. Batting stated that this issue brings back the issue of pension funding, which concerns him. A simple change such as this one costs the Authority thousands of dollars. Ms. Neira replied that we're also looking at the funding assumptions of both plans in an effort to consolidate them.

Mr. Moscola added that people today are living longer and we are trying to update the plan to reflect this.

Ms. Neira handed out a Providence Journal article on GASB #45. She stated that the FY 2008 budget must be submitted to the state budget office by the end of September. She noted that a revision would be coming, as she will be attending a state sponsored presentation regarding implementing GASB #45 in October. She will have more information available at the next board meeting. Mr. Moscola noted that even the State is searching for answers on how to handle pension funding. Ms. Neira stated the implementation of GASB #45 is prompting talk of higher fees, bonding and even bankruptcy.

At the July board meeting a possible increase in fare structure was discussed. Ms. Neira noted that on today's agenda there is a vote for a new statewide fare collection system and at the October or November meeting staff will discuss fare increases further. Mr. Deller responded that in the past four years he has had to reduce his budget and cut his staff by 35%. It is his opinion that rather than increase fares, we should take a hard look at inside positions that could be reduced. Mr. Batting added that this budget includes additional hiring. Mr. Moscola responded that the current \$3.3 million deficit was much less than previous fiscal years. He is hopeful that the cost of fuel will continue to come down and help shore up the deficit and he will evaluate all positions at RIPTA.

Following the discussion William Kennedy made a motion to accept the Preliminary FY 2008 Budget as presented by staff. James Capaldi seconded the motion, which passed unanimously.

Agenda Item 5: Statewide Fare Collection System (Fare Boxes)

Mr. Mencarini addressed the board regarding agenda item 5, the Statewide Fare Collection System (fare boxes). Mr. Mencarini stated that the RFP was issued for a supplier of fare boxes, associated peripheral equipment and software to replace the current equipment which is over 20 years old. Staff recommends the award of this \$3,888,692 contract to GFI Genfare who was rated the highest of the 3 responding bidders.

Mr. Moscola added that due to the age of the fare boxes, replacement parts are very difficult to purchase. This procurement has been postponed for 3 years but we finally put out a good RFP containing smart card technology and magnetic strips, which means the driver doesn't have to check bus passes for verification. The capital and local match money is in place for this purchase.

Mr. Batting asked if this new system would require additional personal and Mr. Moscola said it would require 2 mechanics and 1 clerk which was put in the 2006 budget. Mr. Batting asked what benefits we would realize by spending \$3.9 million and Mr. Moscola responded that this system would track where our customers are and

where they are going. It will also monitor where the high and low passenger usage points are statewide. Additionally, passengers will purchase smart cards, which will allow RIPTA to receive payment in advance of passenger travel. Ed Scott added that the new system would help validate the fare box's revenue. Mr. Kennedy noted that these types of fare boxes are commonly used all over the country and Tom Deller added that the City of Providence recently updated to electronic parking meters.

Director Capaldi asked if GFI Genfare was the low bidder and Mr. Mencarini replied that Fare Logistics was the lowest bidder, but GFI Genfare was the overall best qualified bidder. Henry Kinch added that Fare Logistics was responsive in the bidding process but their references were not good. Director Capaldi stated that the staff summary was not clear on the RFP analysis and pricing and more information should have been provided to the Board. Mr. Scott clarified that the GFI Genfare farebox is a proven product widely used in the industry. Mike McGrane added that the price of each respondent was within one to two hundred thousand dollars. Bob Batting asked if GFI Genfare was a market leader and Mr. Scott said they were, with over 8,000 units in use in transit. After this discussion, Mr. Kennedy moved that the contract be awarded to GFI Genfare as recommended. Mr. Deller seconded the motion. Mr. Batting approved the award and Director Capaldi abstained. The motion passed by a vote of 3 to 1.

Agenda Item 6: Thermal Rags

Mr. Mencarini discussed the procurement for Thermal Rags to be used in cleaning the interior and exterior surfaces of RIPTA's fleet and buildings. Two companies submitted bids and staff recommends the award of a one-year contract with up to four annual renewal options to Universal Gold the lowest, responsible, responsive bidder. Director Capaldi moved that the contract be awarded to Universal Gold as recommended by staff. Bill Kennedy seconded the motion, which passed unanimously.

Agenda Item 7: Genuine Orion V Bus Parts

Before addressing agenda item 7 Mr. Deller referred back to agenda item 5 and asked that in the future staff include more information in the staff summary. Director Capaldi added that this was the reason he abstained from the vote. Staff agreed to comply.

Mr. Mencarini discussed the staff summary for Genuine Orion V Bus Parts stating that a bid was issued and Orion Bus Industries submitted the single, responsive, responsible bid. Procurement staff conducted a single bid analysis and the discount offered by Orion Bus Industries in the bid was deemed fair and responsible. Mr. Batting asked if staff looked into the issue of excess and obsolete parts to get rid of spare parts in the secondary market. Mr. Mencarini replied that they had and in fact had resold obsolete Volvo parts. Mr.

Batting then moved that the one-year contract be awarded to Orion Bus Industries as recommended by staff. Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 8: Workers' Compensation Insurance Paratransit Division

Mr. Mencarini discussed agenda item 8 explaining that worker's compensation insurance coverage is mandated by the paratransit provider contract. The staff summary states that RIPTA's paratransit workers' compensation insurance needs are somewhat constrained due to premium size, loss history, nature of the business and unavailability to combine this coverage with other coverage. The broker was unable to find any other companies willing to provide this coverage to the Authority and the current coverage is due to expire October 19, 2006. Therefore staff recommends the award of the contract to Beacon Mutual Insurance Company at an annual cost of \$191,338. Director Capaldi moved that the contract be awarded to Beacon Mutual insurance Company as recommended by staff. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 11: Public Comment

Mr. Deller skipped to Agenda item # 11 and requested public comments. Alfred Moscola stated that Annmarie McMahon had left

RIPTA's employ and accepted a position with CCRI and this is a major loss for RIPTA. Messers Deller and Kennedy commented that this is a great loss for RIPTA.

Mr. Deller recognized Almas Kalafian a paratransit rider and public transportation advocate. Ms. Kalafian suggested that paratransit vans that service South County remain in that area at the end of the day to save on fuel. Ms. Kalafian also suggested drivers be equipped with navigation devices to research the shortest possible routes to destinations, which also might save on fuel. Mr. Deller thanked Ms. Kalafian for her comments.

Agenda Item 9: Executive Session Adjournment

Mr. Deller moved that RIPTA adjourn to an executive session, as noticed in the agenda, under sections § 42-46-5(a)(1) and 42-46-5(a)(2) for the purposes of discussing labor and claims matters and the General Manager's contract. Mr. Kennedy moved to adjourn and to convene an executive session; Robert Batting seconded the motion. A roll call vote was taken on the motion to convene to executive session. All Board members voted to convene the executive session.

Following the Board's return to open session, Bob Batting moved to seal the executive session minutes. Director Capaldi seconded the motion, which passed unanimously.

Agenda Item 10: General Managers Contract

Agenda item 10 was continued due to discussions and directives discussed in executive session.

Agenda Item 12: Adjournment

Director Capaldi moved to adjourn the meeting; Mr. Batting seconded the motion, which passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Secretary to the Board