

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF Monday, September 24, 2007 MEETING

Board Members Present: Thomas Deller, Chairperson; Robert Batting, Vice-Chair; William Kennedy and Chuck Alves.

Also Present: Alfred J. Moscola (General Manager); Paul J. Morretti, Esq., (Substitute Outside Counsel); replaced by Lori Caron Silveira (Outside General Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Ellen Mandly, and other members of RIPTA's senior staff and members of the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of July 16, 2007 Meeting

Mr. Deller opened the meeting and requested comments regarding the minutes of the July 16, 2007 meeting. Hearing none, a motion was made by Mr. Kennedy for approval of the minutes as presented. Mr. Batting seconded Mr. Kennedy's motion and the minutes were unanimously approved.

Agenda Item 2: General Manager's Report

The General Manager reported that the cost of fuel is rising. The average price per gallon for the current fiscal year is \$2.48 versus a budgeted price of \$2.40. Mr. Moscola then discussed the new electronic farebox implementation, which took place on July 27, 28 and 29. RIPTA operators, managers and supervisors were involved in the installation process of the 258 new electronic fareboxes installed on all vehicles in the fixed route, flex and trolley fleets. Staff worked closely with the consultant GFI and by Monday, July 30th every vehicle that pulled out was equipped with a new farebox. Staff also implemented a public outreach plan to inform and educate riders on how to use the new system. Mr. Moscola reported that some of the universities in the UPass Program have begun using the new electronic media and beginning October 1st Gibb's University will begin the new system instead of monthly passes. Roger Williams University decided to use the new electronic fare media for freshman only effective October 1st. Upperclassman will be able to purchase 15-pack tickets at half price at their campus bookstore. Rhode Island School of Design and Brown University students, faculty and staff have already begun using the new electronic system.

Mr. Batting wondered why a university would object to using a smartcard and Mr. Moscola replied that Roger Williams didn't object, they just preferred to phase the program in beginning with the freshman class and contracted with the Authority to implement the program in this way. In a few years the entire student population will

be using the smart card system. Mr. Moscola said each university has entered the UPass Program differently, but eventually they are all looking to do away with the swipecards. He added that the UPass Program has generated over \$2 million in additional revenue for the Authority. Mr. Deller asked if there were any issues with the fareboxes functionality and Mr. Moscola replied there had been no major issues. Some minor issues have been crumpled currency and jamming, which the street supervisors are able to rectify, and any other issues are addressed at the Elmwood facility. Overall the customers seem to be comfortable with the new fareboxes and although they have only been in place 2 months the General Manager feels they are performing well and looks forward to the data they will provide.

Agenda Item 3: FY 2007 Auditor's Report

Mr. Deller then moved on to agenda item 3 the FY 2007 Auditor's Report. Deb Mitchell a representative from Braver PC Accountants and Advisors addressed the Board with the results of the FY 2007 financial audit and Maureen Neira handed out a document with highlights of the report. Ms. Mitchell reviewed the information in the audit package and discussed the highlighted issues in detail. After answering questions regarding GASB #45, bonds, and unfunded liabilities, Mr. Kennedy moved that the Audit report be approved as presented. Mr. Batting seconded the motion, which passed unanimously. As was discussed at the July Board meeting, staff will

now submit the approved the audit report to the State Auditor General's office.

Agenda Item 4: FY 2009 Operating Budget

Maureen Neira addressed the Board to discuss the Preliminary FY 2009 Budget. She reminded them that the FY 2009 budget assumptions were presented at the July Board meeting. The preliminary FY 2009 budget totals \$92 million, representing a 3.9% increase over FY 2008. The budget for FY 2009 is balanced and Ms. Neira noted that this is the first time in recent history that a balanced budget has been achieved at the preliminary stage. Included in the total expenses are costs for wages, which are set contractually, pension, healthcare, and fuel, which has risen 6.5% from last year. She noted that RIPTA used the same rate of general inflation as the state uses, which is 2%. Ms. Neira continued that the budget assumed a rate of \$44 for Rite Care passes, that rural operating assistance would total \$560,000 and federal ADA reimbursement totaling \$2.5 million were included in revenue.

Ms. Neira said expenditures included contractual wage increases, one additional grant funded FTE to fill the Transit 20/20 position, and an 8.45% increase in health care costs. Tom Deller asked if RIPTA is over or under budget in this area and Ms. Neira replied that RIPTA is over by about \$1 million in FY 2007. The current budget also included \$600,000 received from employee healthcare co-shares. She went on

to say fuel costs were raised 15 cents per gallon to \$2.55. She noted that the updated pension mortality table assumptions would be used for the full year in FY 2009. She continued that the budget includes the maintenance overhaul program and the diesel particulate program and said ADA costs have increased 3.5%. Finally she said open items include the final gas tax yield, potential Rite Care program changes, diesel fuel costs, and funding for GASB # 45 which will be determined by what the State does.

Mr. Batting asked why there was a price differential with the GASB # 45 and Ms. Neira responded that if RIPTA is included with the State in a trust fund, which assumes interest, it will cost the Authority \$4.4 million. If RIPTA continues on a pay-as-you-go system, the Authority will reflect a \$6.4 million financial statement deficit. Mr. Moscola interjected that if possible, RIPTA intends to join the State's plan. Mr. Batting then asked about costs for current and retiree health plans and Ms. Neira said there would be a 5% to 6% increase over last year based on the new working rate given to RIPTA by the State. Mr. Batting stated he would like to see "other income" broken out by individual senior staff employees and actual cost to RIPTA to buy both individual and family plan insurance. He added that he disagreed with employees' receiving monetary consideration for opting out of RIPTA's healthcare plan. Mr. Kennedy said employees are entitled to health care and he sees no problem with this issue. Mr. Batting disagreed that healthcare benefits are common and cited a recent Providence Journal article on the topic. Mr. Deller said he

would like to see the costs associated with health benefits and the monetary incentive to defer coverage. Mr. Deller asked what the cost for claims was thus far and Ms. Neira replied that \$9.9 million had been paid in FY 2007.

Mr. Moscola disseminated a fuel sheet with current costs to the Board members and said he will be periodically updating the Board on fuel costs. Mr. Kennedy moved to approve the FY 2009 Preliminary Budget as presented. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 5: Rlde RFP Presentation

Mr. Deller moved on to the next agenda item, a presentation by Mark Therrien on the Rlde Program RFP. Mr. Therrien said the presentation was prompted by Mr. Batting's questions at the July meeting regarding page 10 of the Abrams report. His presentation addresses those questions as well as the "big picture" relative to the Rlde Program and the new bid process this year.

He began by giving a hardcopy handout of the presentation to those present. Mr. Therrien briefed the Board on the history of the program, before the establishment of Rlde in the early 80's, stating that small transit companies and social service agencies provided the service. He noted that the acronym "Rlde" has no actual meaning, rather it is a term coined and used by state agencies operating with federal

dollars to provide coordinated transportation services to seniors and individuals with disabilities. He gave a history of the Ride Program beginning with its creation in 1981 by RIDOT as the administrative broker, RIDOT's transfer of oversight to RIPTA, the establishment of the Paratransit Task Force initially by Governor DiPriete and its continuance by Governors Sundlun, Almond and Carcieri, the issuance of the RFP in 2003 and RIPTA's assumption of all administrative duties. He explained that RIPTA pays for all administrative Ride costs and 80% of capital costs. He continued that RIPTA began as a provider in the Ride Program in 2000. At that time, several of the small agencies who were providing Ride services went out of business, and RIPTA or another provider we took over their service through competitive bid.

In 2002 RIPTA began administering the Ride Program, and the State hired a consultant to review and design an RFP to bid on the actual transportation services. The RIPTA Board took an action to recuse RIPTA from the process, which meant that RIPTA could bid on the work, but could not comment on the RFP. At the completion of the process, RIPTA was awarded 4 out of 6 areas.

During the 2002 bid process, the new RFP required some changes to current practices that included a new requirement that passengers had to be picked up and returned to their door among other things. In addition to the service model change, more Ride passengers are moving from DEA funded trips to RIPTA ADA trips. The RFP also

designated RIPTA the authority to centralize maintenance of all Ride vehicles and assigned RIPTA to design and oversee all driver training. The new contract does not allow for annual increases, rather required one blended rate for all 5 years of the contract. The RFP did not take into account fluctuating gas prices and added in payment for drivers while 'dead heading' or on breaks.

Mr. Therrien then addressed the new RFP, scheduled to be issued later this year, and noted that the aforementioned issues need to be addressed and resolved during the RFP process. It is very important that RIPTA be a part of the process this time, and to review the RFP to determine if there are hidden costs before it is issued. During the last RFP process, when RIPTA was recused from the process, once the hidden costs were discovered, it was impossible to make any changes. Henry Kinch added that under current laws others develop the RFP while RIPTA's Board awards the contract. Mr. Deller asked who hired the former consultant, and Mr. Therrien replied that it was a member of the Governor's staff. Mr. Deller said the previous RFP was prepared by someone who didn't understand the process and suggested that RIPTA work with Kevin Flynn in the State Planning Office. Mr. Therrien pointed out to the Board that the current RFP under which RIPTA is operating has been a major burden in terms of cost.

Mr. Batting asked how a determination to use a taxi is made, and Mr. Therrien said Ride administration makes the determination. Mr.

Batting requested that the Board be provided with a breakdown of the taxi rides and associated costs. The Board then asked Mr. Therrien questions about the other bidders and the previous award. Following these questions the presentation concluded.

Agenda Item 6: Rosa Parks' Day Proposal

Lillian Picchione discussed the next staff summary regarding a request for resolution honoring Rosa Parks. Such request was for RIPTA to provide for free bus service annually on December 1st. Ms. Picchione reminded the Board that this issue had arisen at the July meeting and the Board asked to have it put on today's agenda. In anticipation of this discussion Ms. Picchione researched the cost of one day's free service by comparing it with the cost on an air quality alert day when service is also free. In 2007 December 1st falls on a Saturday therefore the cost for 2007 is anticipated to be approximately \$9,100. In subsequent years, when December 1st falls on a weekday the cost is anticipated to be approximately \$19,500.

Mr. Deller stated that enacting free fare on Rosa Parks day would be a first and could set a precedent for other worthy individuals/organizations to make similar requests. He is concerned about the costs of such a trend, especially after hearing the Ride presentation and seeing how costs can escalate unexpectedly. He cautioned that RIPTA needs to be clear about whatever action is or is not taken. He then acknowledged representatives from the public

present at the meeting to support this issue and for the sake of brevity asked that one individual address the board on behalf of the group.

Mr. Bill Bateman addressed the board on behalf of the group and spoke about the courageousness of Rosa Parks and the historical affect she had on public transportation. Mr. Bateman referenced unpaid reparations for slave labor by African Americans and said the \$9,100 to \$19,500 cost to implement Rosa Parks's day was "chump change" in comparison. Mr. Bateman's demeanor was very confrontational, and he remarked that this issue is a "pay now, or pay later" situation and he intimated that damage to RIPTA buses could occur if the resolution were not approved. He went on to say that he was not advocating violence himself, but that RIPTA should consider that possibility.

Mr. Kennedy said this was a very emotional issue to him as he was in the service stationed in the south during this period. Mr. Kennedy witnessed first hand the discrimination inflicted on African Americans and he said he felt personally threatened when he showed compassion to them and offered his assistance. Mr. Kennedy spoke passionately and at great length describing the inhumane treatment African Americans endured during this time and expressed his support for the Rosa Parks day resolution saying she was a heroic American.

Mr. Deller reminded the Board that the Rosa Parks day agenda item was brought before the Board at this meeting for discussion purposes only, and that action would be taken at the next Board meeting.

Agenda Item 7: Workers' Compensation Insurance for Paratransit

Roger Mencarini addressed the Board to discuss the next agenda item for Workers' Compensation Insurance for the Paratransit Division. Mr. Mencarini explained that insurance coverage is mandated by the paratransit provider contract and covers the paratransit drivers and employees. RIPTA's insurance broker Starkweather and Shepley solicited bids and due to certain constraining factors outlined in the staff summary received only one bid. Staff recommends the award of the contract to that bidder, Beacon Mutual Insurance Company at an annual cost of \$258,328. After a brief discussion, Mr. Alves moved to award the contract to Beacon Mutual Insurance Company as recommended by staff. Mr. Kennedy seconded the motion and it passed unanimously.

Agenda Item 8: Kennedy Plaza Air Conditioning Enhancements

Mr. Mencarini discussed the next procurement for Kennedy Plaza Air Conditioning Enhancements. He said that the original air conditioning unit at Kennedy Plaza has experienced difficulties with

heat versus air-cooling due to higher than anticipated volume of traffic in the building. The original unit had a one-year warranty, which has since expired. Staff issued an IFB and held pre-bid meetings with the two respondents. Staff now recommends the award the contract at a cost of \$198,700 to the lowest responsible, responsive bidder, Tower Construction of Cranston, RI. After a brief discussion, Mr. Kennedy moved that the contract be awarded to Tower Construction as recommended by staff. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 9: Public Comment

Mr. Deller requested public comments and recognized Barry Schiller a former professor and RIPTA Board member who is also a strong advocate on environmental issues. Mr. Schiller said he wished to make 5 points: 1) Progress has been made at RIPTA as the fleet is cleaner, more reliable, the service is more flexible and the addition of the bike racks has been a great enhancement. 2) The state house recently passed legislation allowing state employees to use pretax earnings to purchase bus passes, and he feels RIPTA should promote this by erecting more bus shelters and making bus schedules available at the state house as well as other state buildings. 3) RIPTA should become more proactive by speeding up trips, installing “yield to bus” signs which other states use, extending the Trolley service green line and discussing with the Board of Higher Education the implementation of a UPass Program at public colleges such as RIC,

URI and CCRI. 4) He complimented the Authority on doing a terrific job in spite of a difficult financial situation, but stressed that RIPTA needs to ask the legislature for increased funding which he believes RIPTA has not done, and added that RIPTA needs a vision for the future that includes light rail and a working relationship with the business community and this vision must be communicated to the Governor. 5) Other cities such as Portland, OR were deserted and improved public transportation made them more lively and contributed to an overall resurgence of the city.

Mr. Deller thanked Mr. Schiller for his comments and then addressed the issue of the October board meeting. At this time there are no pending procurements that cannot wait until the regularly scheduled Board meeting in November therefore Mr. Deller asked if the October meeting should be canceled. Mr. Batting requested that an executive session be held as he has personnel issues he wishes to discuss with the Board. Mr. Deller said he would leave the meeting scheduled for the time being and have Ellen Mandly canvass the Board members to reassess the need as the date drew nearer.

Agenda Item 10: Executive Session

Mr. Deller moved that RIPTA adjourn to an executive session, as noticed on the agenda, under section § 42-46-5(a)(2) for the purpose

of discussing a claims matter. Mr. Kennedy moved to adjourn and to convene an executive session; Mr. 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, Mr. Kennedy moved to seal the executive session minutes. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 11: Adjournment

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

Respectfully submitted,

Ellen M. Mandly

Secretary to the Board