RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF Monday, July 21, 2008 MEETING

Board Members Present: Robert Batting, Chairperson; John Rupp, Vice-Chair; Thomas Deller; Edward Field; William Kennedy; Rochelle Bates Lee; Director Michael Lewis; and John MacDonald.

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 members of the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Meeting Minutes (a) June 16, 2008 (b) June 30, 2008

Mr. Batting called the meeting to order and addressed the first agenda item, the approval of the minutes of the Board meetings held on June 16, 2008 and June 30, 2008. The minutes of the June 16 meeting were sent to the directors for consideration with one page missing and the corrected minutes with the missing page were distributed at the start of today's meeting. Mr. MacDonald moved that

the June 16, 2008 corrected minutes and the June 30, 2008 minutes be approved. Ms. Lee seconded the motion and it passed unanimously.

Agenda Item 17 (a) & (b): RIde Program Update (a) Kalafian Letter/Response (b) RIde Contract Extension

Noting the large group of attendees at the meeting, Mr. Batting decided to begin with agenda item 17 for their benefit, but first he read a letter dated July 7, 2008 received from RIde client, Almas Kalafian, regarding problems with RIde scheduling. Mr. Batting asked RIPTA staff to give a RIde program update, discuss the RIde contract extension and respond to the issues raised by Ms. Kalafian's letter.

Edward Scott, Assistant General Manager of Specialized Transportation addressed the board and began by responding to Ms. Kalafian. Mr. Scott reminded the board that new software had been installed and initially there were some glitches. He said that Routematch, the software provider, was very responsive and at this point most of the problems have been resolved.

He continued that the issues raised by Ms. Kalafian are related to the geo-coding within the program, and that RIde staff is aware of the issues and is addressing them as quickly as they are raised.

Mr. Kennedy reminded the board that at the April 7th meeting when

staff discussed the initial problems encountered during the software installation he had spoken at great length on this issue. He said he was upset at that time, but that the General Manager answered his questions and addressed his concerns. Mr. Batting agreed that the questions raised were answered, and assurances were given that the startup problems had been resolved, yet he is hearing that there are still problems with the scheduling logistics, and he proceeded to illustrate the point with the incident raised by Ms. Kalafian about a vehicle coming from Portsmouth to pick up passengers in Warwick. He said he has also heard of vans being dispatched to canceled appointments. Mr. Scott responded that there was a problem with cancellations occurring close to the trip time and the cancellation not being noted on the manifest that is given to the driver each morning. He continued that the problem has been completely resolved and a daily cancellation report is now issued and checked.

Mr. Scott then addressed the Portsmouth-Warwick trip described by Ms. Kalafian's letter, explaining that the bus originates in Warwick each day and transports a client to his job in Portsmouth and then the bus returns to Warwick which is that RIde driver's service area. Mr. Scott explained that it is not possible to look at only one trip of the day, explaining the complexity, a myriad of scheduling issues that are involved in scheduling 3,500 people each day on 108 vans.

Mr. Deller noted that RIPTA has received one letter identifying three (3) problems in three (3) months, wondering if this was an issue of

simply working out the bugs in a new system, and asked if other issues had been raised. Mr. Therrien responded that members from a group called the Gray Panthers were also in attendance at the meeting, and that he had spoken with three (3) attendees who brought up some additional issues. He said RIPTA is still having problems with the phone system although there are employees from other departments assisting with the phones, but reservation calls are still taking too long. Mr. Therrien described the software problems in detail and said the main issue is the length of time it takes to schedule a ride, but anticipates that such issue will be resolved with the installation of the Interactive Voice Response System (IVR), scheduled for mid-August. He said the IVR will automatically call clients to inform them when their ride will arrive. Mr. Therrien said that this should result in a 50% drop in call volume, which will free up staff to speak with clients who are calling to cancel trips or for other reasons. Mr. Therrien added that the Gray Panthers also expressed displeasure with the cab drivers, but noted that is not a new issue, and he has offered to meet with the gray panthers to go over all of their issues.

Mr. Deller asked if the majority of the RIde issues were clients calling to determine the ETA of their van, and Mr. Therrien responded that is an ETA call issue, and but it is also an issue related to "will call" rides. He explained that a "will call" occurs when a client is dropped at a doctor's office and the client calls to get picked up when the appointment is complete. He reiterated that the difficulties stem from

the length of time it takes utilizing the scheduling module, and that Routematch is working to improve this issue. He also noted that the installation of the IVR has been expedited in an effort to address the matter.

Mr. Moscola stated that eleven (11) additional telephone lines were added and employees from other RIPTA departments continue to help answer phones. Mr. Moscola acknowledged that Ms. Kalafian is a long time RIPTA customer and he apologized for any inconvenience she has experienced. Mr. Moscola reiterated that RIde moves 3500 people per day in all areas of the state, and that from time to time problems will arise. He continued that when they do, RIPTA needs to know so that they can be corrected. Mr. Moscola said RIPTA is converting from an antiquated system to gain efficiency and it is common when new technology is implemented to experience hiccups, but the goal is to correct the problems right away.

Mr. Kennedy stated that early in the implementation, he had received a report of a person being dropped off to an appointment too early. Mr. Therrien responded that this type of issue came up during the first few days of the implementation, but has been resolved.

Mr. MacDonald commented that the problem is the arrival time window of sixty (60) minute saying that is too long. Mr. Therrien explained the law in relation to the sixty (60) minute window concept raised by Mr. MacDonald. Mr. MacDonald continued that even when

the sixty (60) minute window was reduced to forty-five (45) minutes, that was still too long.

Mr. Batting said one issue facing RIPTA regardless of vehicle type is the consumption of fuel and the logistics of how the fleet is dispatched. He discussed table 10 on page 60 of the Abraham's Report, which illustrates functional performance and said that from 2001 to 2005 the RIde ridership decreased, yet the miles operated and the service hours both increased. Mr. Batting said that with the installation of the new equipment these figures should be radically improved from the performance in the audit and he asked Mr. Moscola to update the chart to track the RIde program. Mr. Deller said that ultimately the new software should improve service, reduce mileage and reduce fuel cost, but he acknowledged that it may take a little time to realize the full effect of the efficiencies.

Ms. Lee questioned whether it would be fruitful to update an old chart based on old software because it would not be comparing "apples to apples". Mr. Batting responded that getting this information would provide a baseline.

Mr. Rupp stated there are two issues, value added from the software and the performance of the system and he suggested that Mr. MacDonald and Mr. Scott talk directly to address some of the problems.

Mr. Batting asked if there were any other comments on the RIde program and recognized Almas Kalafian. Ms. Kalafian said the biggest problem is with the reservation screens, which take minutes to scroll through. Ms. Kalafian then discussed the Portsmouth/Warwick issue, raised in her letter and asked Mr. Scott questions relative to this particular trip. Ms. Kalafian reiterated another complaint in her letter regarding trip cancellations, and expressed her opinion that the RIde program gets the least amount of attention yet it serves many extremely fragile clients. She said that if the new software ultimately works, it will be a win for everyone and if not it will be a disaster. She said she has spent time on the phone with Mr. Scott discussing her issues and concerns, and she feels staff is trying their best to overcome such issues.

Agenda Item 18: Public Comment

Next Mr. Batting moved ahead to the public comment portion of the meeting so attendees could make their comments. Mr. Therrien noted that there were two groups in attendance (among others) the #9 Pascog bus riders and a group of college students.

The first speaker was Diane Patry a rider on the #9 Pascoag bus. Ms. Patry stated that each time service cuts are considered the #9 is at risk yet there are thirty-three (33) people on morning bus that she rides, another thirty-three (33) on the earlier bus, and she continued that five (5) of these riders have been riding RIPTA for over 20 years,

do not own vehicles, and depend on RIPTA. She offered some suggestions to RIPTA to save money, which included printing the bus passes in black and white rather than color; requesting support from the City of Providence since many the riders work and spend money in the city; and bringing back the zone fare structure saying she and others in outlying areas would be willing to pay more money rather than drive a car and pay for gas, parking and maintenance. She said she has spoken to riders who commute from Newport and was told their bus gets federal funding and she wondered if this was why the #9 bus gets picked on. She finished by saying many people depend on the #9 bus to get to work and if the bus service is cut they will be forced to quit their jobs.

The next speaker was Vale Cofer-Shabica a member of Students for a Democratic Society a youth group from the Providence area including students from RIC, Providence College, Brown University, RISD, Barrington High School, plus non-student community members in attendance at today's meeting to discuss the recent fare increase and proposed service cuts. Mr. Cofer-Shabica said they had spent a week in Kennedy Plaza and had spoken to over 200 people about these issues, and that 50% of the people with whom they spoke were unaware of proposed service cuts and 85% said the cuts and/or the increases would be a problem. He said he and his group find it unacceptable that the RIPTA board is making these decisions without involving those who will be affected most. Mr. Cofer-Shabica then presented the Board with comment cards from the 200 survey

respondents and made the following demands: (1) that the board immediately provide some mechanism for community involvement in decisions; (2) that they cease any conversations regarding service cuts without community involvement; and (3) that the board roll back the recently implemented fare increases. He then provided an email address for the board to contact the Students for a Democratic Society and said he would appreciate it if the board would respond to their demands within a week.

Mr. Rupp responded that one of the items on today's agenda is a discussion on press releases and said a number of board members don't know any more than Mr. Cofer-Shabica. He said the fare increases were discussed at public hearings before they were implemented, at which point Mr. Cofer-Shabica interrupted saying only 14 people attended the community meetings because they were clearly at times that weren't accessible. Mr. Rupp disagreed saying that the process was very open. Mr. Rupp added they have only to attend the Board meetings to understand the financial crisis and the fare increase is a done deal. He said the Board is working hard to address the issue of service cuts and will discuss that further today. He told the attendees concerned about bus #9 that he is very cognizant of their concerns.

Next Mr. Batting recognized Muriel Gloss, a rider of the #9 bus for sixteen (16) years. She said most of her concerns had already been discussed, but gestured to the RIPTA mission statement on the wall,

read it aloud:

“to provide safe and reliable and cost effective transit service with a skilled team of professionals responsive to our customers the environment and committed to transit excellence.”

She commented that this is a wonderful mission statement and she hopes RIPTA will stand by it and reminded the board that bus #9 also serves the Zambarano Hospital.

A gentleman who did not give his name said he rides under the ADA service and lives near the # 3 bus line, expressed his concerns that the cuts in service could affect the ADA corridor. He urged the Board to make service adjustments if needed but not to abolish any routes.

The final speaker was Rene Mcleash a rider on bus #9 who echoed the comments of Muriel and Diane. She thanked RIPTA and said the buses are always clean, the drivers are friendly, the service is on time and the system works very well. She said the riders of bus # 9 would work with the RIPTA board and staff and do what they can to help, even if that means paying a higher fare.

Agenda Item 2: General Manager’s Report

Mr. Batting asked Mr. Moscola to give the monthly General Manager’s

report. Mr. Moscola began by discussing fuel and stated that for FY 2008 the year-end average price per gallon for fuel was $3.13. He noted that the fuel prices began to rise at the end of FY 2008, and reported the average price per gallon for the month of June as $4.15. For FY 2009 fuel is budgeted at $4.50 per gallon, and although the fiscal year only began three (3) weeks ago, the average thus far is $4.36 per gallon. .

Next Mr. Moscola discussed the five CNG trolleys, currently being converted to diesel fuel. He said trolleys #16 and #18 are in the process of being converted and anticipates they will be completed in two (2) weeks, depending on the timely delivery of parts. He noted that staff is fabricating parts whenever possible and the two mechanics working on the trolleys are doing a great job. He stressed that this conversion is a big job and urged the board to view the process. Mr. MacDonald asked what kind of life extension for the trolleys would be achieved, and the General Manager responded approximately four (4) – five (5) years for the engine and transmission, or possibly longer since they will be assigned to Newport garage. He said while waiting for conversion parts, bodywork and maintenance on air bags, shock absorbers, radius rods, and all suspension components is being done.

Mr. Batting asked if there were further questions, and hearing none moved on the next agenda item

Agenda Item 3 (a) & (b): Deficit Reduction/Budget (a) FY 2009 Deficit Reduction (b) FY 2008/2009 Budget

Maureen Neira addressed the next agenda item, beginning with the FY 2008/2009 budgets. She began by recapping the budget process beginning in September, 2007 when RIPTA was required to submit the FY 2009 budget to the State Budget Office, which, at that time was balanced at $92.4 million. In December some revisions were made prompted by the November revenue estimating conference information received relative to the gasoline tax yield and a few other items. However, the revised budget remained balanced at $93.1 million. She said in March at the House Finance Committee meeting, RIPTA's staff presented a balanced FY 2009 budget, but shortly thereafter fuel costs rose substantially accompanied by a corresponding decrease in the gasoline tax yield which has impacted both the FY 2008 and FY 2009 budgets. Since RIPTA was well into the FY 08 budget year, it was impossible to fix the deficit problem for FY 2008, and staff is currently trying to determine what the carryover deficit into FY 2009 will be.

Ms. Neira referenced page 2 of the FY 2009 Budget and Deficit Reduction Option staff summary and discussed the FY 2008 projected actual for the end of June. She pointed out that RIPTA will not have the actual gasoline tax receipts for June until the end of the week. She continued that RIPTA will end FY 2008 with a deficit of $1.8 million. Additionally, at the June meeting, the board voted to

increase the pension mortality table to RP 2000, which added $158,000 to the FY 08 deficit, bringing the total carryover deficit to $2 million. Ms. Neira said that the board also voted to carry over the $2 million dollar deficit into FY 2009 and asked for confirmation on this.

Next Ms. Neira discussed FY 2009 budget and said in May RIPTA anticipated a $5.2 million dollar deficit which included several issues such as changing the budgeted price for fuel from $2.68 to $4.50 and information from the State which prompted a change in health care costs which added to the deficit. She continued saying that the fare increase, which became effective on July 1st added approximately $600,000 in revenue to the budget. Lastly, at the May revenue estimating conference, the gas tax yield was reduced to $4.63 million per penny. At that point in time the deficit for FY 2009 alone was $5.7 million. During the last few board meetings, several issues impacting the FY 2009 budget were addressed such as implementing the RP 2000 mortality table, which added $300,000 to the FY 2009 budget.

Also impacting the budget is the implementation of GASB 45. Ms. Neira said staff had met with the State budget office and were told that RIPTA could be included in the State's trust as a sub-unit similar to the way municipalities are included into the state's pension plans. RIPTA will have its own benefit payments, benefit structures and payment plans, and will not be required to follow what the state does. Although the state is fully funding their plan, currently they are not requiring that RIPTA do the same, however they requested that RIPTA

formulate a plan for funding. Ms. Neira recalled that at the last Board meeting staff was asked to formulate such a plan therefore today a plan is being proposed to fund RIPTA's GASB 45 liability incrementally at 10% a year above the "pay as you go" amount. For instance, currently the costs above the pay as you go amount is $5 million annually, hence the 10% GASB 45 contribution would be $500,000 and the following year RIPTA would fund at 20%, then 30%, etc, until fully funded in approximately 10 years, or less because adding additional funds each year would add to the returns on the fund increasing its value. Ms. Neira said that at a minimum RIPTA would have to follow the plan, however more could be contributed if available. Therefore Ms. Neira said the proposal in the FY 2009 budget is to add 10% of the $5 million, which is an additional $500,000.

The third item she discussed was unscheduled overtime. She said in the past several years the budget was predicated upon scheduled overtime, but not unscheduled overtime time and in recent years unscheduled time has been at about 52% and scheduled at 48%. The unscheduled time is due to things like traffic delays, weather emergencies, a broader definition of FMLA, bereavement leave, military leave, workers compensation and long term illnesses which in the past have never been budgeted. Ms. Neira reminded the board that they requested that staff look at the impact of unscheduled overtime on the budget and as a result of such review, it was determined that the impact of unscheduled overtime is approximately

$1.7 million annually. She said RIPTA's goal is to provide service at 100% and to do so requires backfilling some jobs and paying for such at the overtime rate. Ms. Neira said in the past overages in unscheduled overtime were absorbed by other budget line items like overages on revenues or underages on expenditures, but now it has resulted in a $1.7 million dollar shortfall.

Ms. Neira addressed the final item, the State gasoline tax subsidy. She said there has been discussion and concerns among the board members that the gas yield that was set at the May revenue estimating conference was set too high and RIPTA would not collect as much money as the estimating conference predicted. Ms. Neira said RIPTA has discussed the matter with the State Budget Officer, and while the dollar amount set by the conference must appear in RIPTA's budget for continuity, it doesn't preclude the board from creating a different line item amount to offset what the board feels the difference will be. Ms. Neira discussed refunds which have occurred in past years and said last years refund was almost 30% more and it is unknown whether that will happen again this year and whether it will effect the gasoline consumption. She said it is reasonable to set a $2 million dollar gasoline tax adjustment if the board feels that is warranted. Ms. Neira noted the chart on page 3 which summarized the items negatively impacting the budget as: original FY 2009 projected deficit estimate ($5.7 million); RP 2000 mortality table ($.3 million); GASB #45 10% contribution ($.5 million); unscheduled wages ($1.7 million); and gasoline tax reduction adjustment ($2

million) for a total FY 2009 deficit of $10.2 million. Ms. Neira stopped at this point to allow for discussion.

Mr. Batting stated that for FY 2008 the RIPTA budget showed $92 million in expenditures and $90 million in revenues leaving a $2 million dollar deficit. He said that at a recent board meeting counsel opined that unlike the State of Rhode Island, the Transit Authority did not have to close the deficit by June 30, 2008. Mr. Batting said that the items Ms. Neira discussed such as funding the medical plan or updating the mortality table have resulted in a budget totaling $98.7 million and RIPTA is looking at a $12.2 million dollar deficit. Mr. Batting moved onto page 4 of the staff summary, which lists the deficit reduction options.

Mr. Moscola acknowledged that $12.2 million is a big number caused mainly by the high cost of fuel and the low gas yield however he noted that in considering this deficit, all outstanding issues including the mortality table and GASB # 45 were addressed. Mr. Rupp responded that he appreciates the thoroughness in addressing these issues.

Ms. Neira continued by discussing the deficit reduction options chart on page 4, noting revenue enhancement measures such as the sale of lottery tickets, internet advertising, increasing the cost of senior/disabled passes, additional bus wraps and reduction of expenses such as deferring vacancies, deferring non-represented

wage increase, travel, and the general overhaul program. She continued that RIPTA is still facing a $10.8 million deficit in the FY 2009 budget even with these items considered. She said at the last meeting the board approved, subject to ratification today, sending a letter to the state legislators, the budget office and the Governor requesting the final penny of the gas tax in the State of Rhode Island budget, which is estimated at $4.6 million although it may be less. She said if RIPTA receives that penny, it would not be at least until January 2009. RIPTA can pursue service reductions that would result in a savings of $10.8 million, raising the price for senior and disabled passengers who currently ride free to half fares, which is consistent with the federal regulations. Ms. Neira said if RIPTA were to receive the penny the board approved service reductions would be at $6.2 million.

Mr. Moscola asked that the board proceed with the ratification vote to send the letter. He also asked for permission to go forward and implement half-fare for disabled and seniors, which would raise $1.9 million. These two measures would reduce the contemplated service reductions. Mr. Rupp moved to authorize the General Manager to send a letter asking for the additional penny and before a second was received Director Lewis interjected and said that even though he is new to the State of Rhode Island and the RIPTA board, he sees providing transportation services in Rhode Island as a larger issue, and while he supports the concept he feels a piece is missing. He continued that the decision makers must be made aware of the

impacts of the actions and the alternatives in order to allow them the opportunity to fully evaluate the situation. He stressed the need for the problem to be viewed holistically.

Mr. MacDonald stated that staff has already given a presentation on the service reductions and Mr. Lewis said if a letter is going to be sent to the legislators seeking additional funds, it should be juxtaposed with the service reductions. Mr. Deller said he agreed with Director Lewis on that point, but at this time with the current economics of the state and people with a need to get from point "a" to point "b", such as the people riding from Pascog, the question as to why RIPTA is even considering cuts should come up. Mr. Deller continued that if RIPTA is going to ask for a penny, why not ask three (3) pennies, saying strong economic metropolitan areas have good transit systems and RI has a good system that is now being considered for cuts. Mr. Deller said it is important that RIPTA start thinking about the economic growth of the state and the need for transit to be a vital entity as part of that. He continued the fuel isn't going to get any cheaper and the state can't afford to cut a transit system that works. Mr. Deller said he feels the Governor and legislators should be informed that RIPTA has looked at every option, that it is not possible to control the price of oil and if the state wants economic growth to continue consideration must be given to not only preservation of the transit system, but also growth of it. He said in times of difficulty sometimes it is necessary to spend to spur economic growth and he believes RIPTA should communicate the

connection between transit and economic development and the importance of being able to move people to their jobs, stressing the need for transit to grow, not be cut. Mr. Deller said it is hard for him to vote for something that is not even a third of what is needed.

Mr. Rupp candidly responded that he doesn't think RIPTA will get the penny, but it is necessary to have the vote to ask for it. He continued saying he is opposed to all the cuts that are being proposed because a lot of what RIPTA needs to do to meet its mission statement is to make serious adjustments. Mr. Rupp said if things seem bad now, wait until winter comes and home heating oil is at $5 per gallon and people have to choose between heating their homes or driving to work.

Mr. MacDonald said it is clear that the state needs to look at other sources of funding for transit and this has been acknowledged a number of times. The Transportation Advisory Committee has sent this message to the Governor at least six (6) times since he has been on the Committee with no results. Mr. MacDonald said the reason for asking for the additional penny is because it is there and unaccounted for and it's better than asking for a tax increase. Mr. MacDonald said that there is no transit representative on the Governor's Blue Ribbon Panel although the Transportation Advisory Committee asked that a representative of mass transit be appointed.

Mr. Moscola said he too believes RIPTA should ask for the penny and

agrees with Mr. Deller that the whole $10.8 million should be requested even though the state has its own deficit. He continued saying that the $4.6 million from the penny will help, but if the board wants RIPTA to request the penny, it can be done. Mr. Batting referred back to the start of Ms. Neira's presentation and said that in March RIPTA anticipated a $500,000 surplus, and now due to the combination of gas tax receipts going down, the price of fuel going up and the combined problem with wages and health benefits RIPTA is facing the current problem. Mr. Batting continued saying that the financial package that has been put together now puts a framework around the enormous problem facing the transit authority. He said that everyone around the table wants to see transit survive and thrive, but stressed the need for clear and concise financial reporting so the decision makers can make decisions with all the information available. He said the basis of that has been presented today by clearly showing the expenses, the revenue and the magnitude of the deficit.

Mr. Batting then commented on recent news reports regarding possible service reductions and asked Mr. Rupp where these had been published. Mr. Rupp replied he had seen them in USA Today. Mr. Batting said RIPTA is simply looking at options but now the issue has been in the news before the public has had a chance to comment on it. Mr. Batting continued that RIPTA needs a voice in front of the legislature, and expressed his support of requesting the additional penny.

Mr. Deller addressed the price of fuel and noted that 12 – 16 months ago it was decided to budget the price of fuel at a lower amount and when the cost of fuel began rising so dramatically it caught up with RIPTA. He suggested the fuel budget be set as realistically as possible, and pointed out that when the FY 2008 budget was submitted almost three (3) years ago, it was a good accurate budget based on the information available at that time, and similarly RIPTA is submitting the FY 2010 budget based on the information available today. He commented that this timeframe makes it difficult to predict things so far in the future. He said he knows of people in both the house and senate who are aware of the problems at RIPTA and are very concerned about the loss of transit and what that would mean for the state. He continued saying if the legislature and the Governor agree to allocate the last penny to RIPTA that's fine but it only solves part of the issue and he feels RIPTA should fully vet them on the financial problems, the ramifications of the potential service reductions and ask for their full help and consideration to address the entire problem.

Responding to Mr. MacDonald's comments, Director Lewis said he has been on the Transportation Advisory Committee since March and he agrees that the lack of transit representation is an issue and assured those present that the issues of RIPTA will become a part of the agenda because this is a transportation issue for Rhode Island not just a bridge, highway, train or bus issue. His said his one

concern in seeking the penny is that it takes it from one pocket and puts it in another and he cannot do that in good conscience. Director Lewis said when looking at transportation in Rhode Island both now and in the future, it is important to change how it is funded.

Mr. Rupp said he agrees 100% but that it is also necessary to rethink how the service is provided in Rhode Island. He continued saying RIPTA has been subsidized for a long time from RIte Care and added he supports the penny but is concerned about putting the burden on the senior and disabled community. Mr. Kennedy agreed saying he too is concerned about the seniors and disabled and agrees that RIPTA is not properly funded.

At this point Ms. Lee asked if the Board was willing to ratify the budget as presented by staff today and personally she did not want to leave staff with another 30 day window without such a decision. She said she has some concerns over the protocol of giving up money and loosing match money therefore she is concerned about any line items that might be cut. Ms. Lee continued saying she agrees with Mr. Deller that RIPTA must fully articulate the total budget deficit as a reflection of not only this year's losses, but last year's losses and that there will be future losses unless the fate of public transit is addressed. She said she is definitely opposed to service cuts to the extent that they are penny-wise and pound-foolish and if the cuts were to eradicate the deficit that is one thing but these cuts seem to be only nibbling at the edge of the problem. She asked what the next

steps are and said if service cuts are imbedded in the budget she would like to know that before any vote is taken.

Mr. Batting replied that in the last three months of FY 2008 RIPTA went from a surplus to a $2 million dollar loss and said the FY 2009 budget is the first time the escalation in cost and the realistic gas tax/fuel costs are being considered resulting in a $12 million deficit. Ms. Lee said the FY 2009 budget is no different from last year because the budget is still a best guess. She continued saying that this year's "best guess" budget is very conservative, and asked if it includes service cuts. Mr. Batting responded service cuts are not included, and the budget presented has a $12 million deficit.

Mr. Deller asked Ms. Neira if the recommendation from staff was to approve the budget for FY 2009, including the FY 2008 deficit, as well as the deficit reduction options alternatives and in doing so the board would be authorizing at least $6 million dollars in service cuts. Ms. Neira said Mr. Deller was correct. Mr. Deller said two votes were needed, one to approve the budget and the second is to authorize staff to begin discussions with the Governor's office and the legislature to see if there is some option other than service cuts because he will not vote for a cut in service.

Mr. Kennedy said he agrees with Mr. Deller that RIPTA should ask the legislature for the full amount and he too is against service cuts. Mr. Rupp interjected that more money can be requested, but the answer

could be "no", therefore as a board consideration must be given to internal reformations to retain the service is a better alternative. Mr. MacDonald said he supports approving the budget as presented and then make concerted lobbying efforts at the Governor's office and at the General Assembly where the control of the money lies.

Richard Licht counseled that while RIPTA is not required to have a balanced budget, it does have to pay its bills as they come due. He said when advocating on behalf of RIPTA it is important to describe what the service cuts mean in dollars and to illustrate what caused the problem. Mr. Licht pointed out the FY 2008 deficit is all fuel related because the gas tax is down $2.1 million and the fuel cost is up $2.2 million from what was budgeted resulting in a $4.3 million dollar deficit. Mr. Licht pointed out that the FY 2009 budget for gas tax revenue is down $2.4 million since December 2007 with the $2 million contingency reserve and the $400,000 from revenue estimating and the fuel is down $4.8 million from last December for a total of $7.2 million dollars. He continued that adding the $7.2 million and the $4.3 million, the budget is down $11.5 million and when GASB and the mortality table are added in, the $12.6 million problem is the result which is all fuel related.

Mr. Batting complimented Mr. Licht's summary and said this past year RIPTA received $14.5 million from RIte Care which was listed as revenue and going forward there is $10 million dollars from RIte Care and $5 million dollars from the State which Mr. Batting said shows the

Governor's advocacy for transit.

Mr. Licht said the financial problems are directly related to fuel, which is beyond RIPTA's control. He noted that the high cost of fuel is affecting every person in every facet of their life, but RIPTA is much more dependent upon fuel than the average person. He referenced the airlines, who are also heavily dependent upon fuel and pointed out that they are now cutting service. Mr. Moscola responded that he could craft a document that illustrates the impact of fuel on all areas of RIPTA and describe the bulk of the problem, which is the gas yield down, and fuel up.

Mr. MacDonald moved that the FY 2009 budget as presented reflecting the $12 million dollar deficit be approved. Mr. Batting added that a simplified chart should be attached showing the impact of the deficit reductions. Ms. Neira clarified that the $12.2 million dollar figure does not reflect the $1.4 million in proposed deficit reduction options and asked if the board would like to include those options, which would reduce the deficit to $10.8 million. Mr. Rupp asked if Mr. MacDonald's motion was for approval of the budget with a $12.2 million deficit and was told it was. Mr. Rupp seconded the motion to approve the FY 2009 budget with a $12.2 million dollar deficit. For clarity Mr. Deller reiterated that the budget that is being approved includes a deficit of $12.2 million dollars. The motion passed unanimously.

Mr. Deller asked if a second motion was needed to authorize staff to contact the Governor's office to request assistance.

Ms. Lee wanted clarification that the budget that just passed does not include authorization to cut services and the other board members responded in unison that it does not include authorization to cut service. Mr. Field noted that the minutes of the last meeting authorize Mr. Therrien to draft a letter to the legislature outlining the service cuts and said he hopes that letter is being drafted and he opined that in as a much as Mr. MacDonald has said that the RIPTA Board "is" the Transit Authority then they should sign the letter to the legislature and the Governor rather than the General Manager.

Mr. Batting summed up by saying the budget is passed with the deficit and the board wants staff to compile a package that outlines the service cuts that would eliminate the $12.2 million dollar deficit. Ms. Lee said she believes the letter is to include an illustration of the source of the deficit. Mr. Batting agreed saying that it should say in order for RIPTA to eliminate the deficit, certain actions must be taken, and such actions are to be listed in the letter. Ms. Lee countered that she and Mr. Batting were saying different things and that the letter should not get into solving the problem it should simply illustrate the source of the problem and what will happen if RIPTA does not receive assistance.

Mr. Deller asked if Mr. Moscola was clear on the content of the letter.

Mr. Moscola responded that he was not and asked for clarification. Mr. MacDonald clarified that the letter of transmittal should include the issues leading up to RIPTA having $12.2 million deficit and describe what changes would have to be implemented in order to correct the deficit, absent any additional funding. And Mr. Deller added that Mr. Moscola should continue to monitor spending closely.

Mr. Field pointed out that the wage discrepancy at the end of the fiscal year was greater than the fuel budget deficit and he suggested that management address that issue. Mr. Batting added that wages were up since the last meeting, and Ms. Lee said that it was unfair to note that since there was just a wage reclassification for some employees. Ms. Lee said the only change from last month was the additional accounting for the final month of the fiscal year and that the snipping at the staff over semantics is unproductive. Ms. Lee continued that for three meetings in a row Ms. Neira has explained that RIPTA meeting service at 100% results in unscheduled overtime. Mr. Rupp said he simply wants to know what it costs to put the bus on the road. Mr. Kennedy said he agrees with Ms. Lee and that RIPTA staff didn't create the problem, the cost of fuel did. Mr. Rupp stated that in addition to the financial issues RIPTA is providing lousy service saying there have been reports of people being left at bus stops and overcrowding. Mr. Kennedy vehemently disagreed with Mr. Rupp's statement and said he is against any cuts aimed at the 26 non-represented employees' who are the backbone of RIPTA.

Hearing Mr. Kenney's last comment Mr. Batting suggested moving on to the next item on the agenda. Mr. Deller had one final comment on the issue of overtime and told Ms. Neira that it would be helpful when looking at the budget and overtime if she would show any overtime that is above and beyond scheduled overtime and give the reasons for it and any action taken to try to reduce it.

Agenda Item 4 (a)(b)(c)&(d): Salaried Employees' Benefits: (a) Payment for unused sick time (b) Medical incentive payment (c) Co-pay for medical benefits to state level and/or 20% (d) Pension benefits to the current proposed state level

Mr. Batting moved on to the next agenda item to discuss salaried employee benefits and referenced a memo the General Manager had mailed to the Board members on July 14th, which discussed proposed changes to non-represented employees' benefits and entitlements. He asked that Ellen Mandly distribute additional copies to discuss the proposed changes.

Mr. Deller asked that while the copies of the July 14th memo were being copied and distributed if the Board could move on to the next agenda item. Mr. Batting agreed and moved onto the next item.

Agenda Item 7: Directors and Officers Insurance

At the June Board of Directors meeting a presentation was given on the subject of directors and officers insurance and Mr. Batting began today's discussion by suggesting the current policy be left unchanged knowing full well that the coverage is a minimal amount. Mr. Field noted that the Board was supposed to receive further advice and information on defense costs from Gary Primevera of Starkweather and Shepley. Mr. Batting asked counsel if the current policy as written at $1 million dollars contained the cost of defense for Directors. Mr. Licht responded that it did, except for the deductible. He added that he is not familiar with this particular policy and with some policies the deductible goes against the cost of defense and some are in addition to the cost of defense. Mr. Rupp and Mr. Licht had a brief discussion on the terms and applicability of the $75,000 deductible and Mr. Moscola asked if the board wanted to table this agenda item.

Mr. Batting asked if Messrs Rupp and Licht would review the policy, confer and report back. Ms. Neira interjected that the current policy was due to expire at the end of July and the board had to take some action to continue it or be left uninsured. Mr. Licht offered to step out of the meeting and review the policy, therefore Mr. Batting moved onto the next agenda item.

Agenda Item 4 (a)(b)(c)&(d): Salaried Employees' Benefits (continued)

Mr. Batting continued the discussion on salaried employee benefits referencing the memo from Mr. Moscola dated July 14, 2008 and the attached proposal entitled non-represented benefits/entitlements – proposed changes July 10, 2008. Mr. Kennedy asked if this document applied to the 25 management employees and Mr. Moscola said it did and also included him as the 26th, a contract employee.

Ms. Lee asked, in the context of the budget that had just passed, if these proposals were included. Mr. Batting asked how much money from these reductions was built into the now approved FY 2009 budget with the $12.2 million dollar deficit. Ms. Neira responded that the only item on this list that is included in the $1.4 million dollar deficit reduction is $70,000, which represents the deferred salary increase of 3.5% previously scheduled for July 1, 2008. Mr. Rupp again asked if the $70,000 was included in the $1.4 million and Ms. Neira responded that the $70,000 is imbedded in the $1.4 million deficit reduction proposal.

Mr. Batting stated that the first proposal was to delay any salary increases and Ms. Lee asked if this was already done. Mr. Deller said the board could still act to instruct management to hold off on such increases. He continued saying as a board they had approved a budget that included a $12.2 million dollar deficit of which the $70,000 dollars in raises was assumed and a part of the $12.2 deficit and there is no reason the board cannot take a separate action to instruct the General Manager to defer the 3.5% increase. Ms. Lee said deferring

the wage increase had been discussed at the last board meeting. Ms. Neira clarified that deficit reduction suggestions were solicited from staff at the last Board meeting and the list totaling $1.4 million in deficit reduction options, including the deference of $70,000 in raises, was part of staff's response.

Mr. Batting said the first question is whether or not to grant any salary increases. Mr. Deller asked if when looking at management people who would not be getting a 3.5% increase is a situation created where unionized employees who will get raises may make more than their managers. Ms. Lee said yes there would be people who make more money than their manager and Mr. Batting added that it happens and Ms. Lee said it shouldn't. Mr. MacDonald said there was a recent instance where the Governor's executive assistant earned more than the Governor. Ms. Lee opined that there should be some parameters around the decisions made affecting these 25 people.

Mr. Batting asked if there was a motion on the table for deferring salary increases for non-represented employees. No motion was made.

Mr. Rupp asked if this action was predicated upon setting precedence for upcoming union negotiations. Mr. Deller said in the City of Providence non-union employees are taking five (5) furlough days, which is a reduction in pay and they are forgoing cost of living

increase while also increasing their health insurance co-pays and all of this is to set a precedent for upcoming union negotiations. Mr. Deller said he does not necessarily agree with this action, but it is the process the mayor has chosen and they will all live with it. Mr. Deller said the amount of money involved is quite small, and on the one hand people have worked well and hard and they should be getting raises, yet on the other hand the management team should show leadership.

Mr. MacDonald said this proposal is different from the state's proposal for its non-represented people. Chuck Alves responded from the audience saying they agreed to zero percent. Ms. Neira stated that RIPTA is on the last year of the union contracts, whereas FY 2009 is the first year of the state's union contracts and they were able to negotiate this as part of their contact.

Mr. Kennedy asked if each item would be voted individually and Mr. Batting said they would. Mr. Batting again asked if there was a motion for deferring salary increases for non-represented employees. Ms. Lee asked if the increase was for FY 2009 or FY 2010. Mr. Batting clarified that it is the increase for FY 2009. Mr. Deller asked what the salary increase for the unions would be. Steve Farrell, President of the Amalgamated Transit Union commented from the audience that in relation to the unionized employees from the state accepting zero wage increase the ratification process has not been completed. Ms. Neira agreed that the zero wage increase for State unionized

employees has not been ratified. Mr. Farrell said only five unions have ratified the zero wage increase and one has not and there are nine unions to go so zero wage increases is not a true statement. .

Mr. Deller asked what RIPTA unionized employees were getting for raises. Mr. Moscola replied that Local 808 received 3.5% on July 1st, 618 and 618A would receive 1.5% in January 2009. Mr. Deller asked when the last increase was before this one and Ms. Neira said in January 2008 they received 3%.

Doug Wood the RIPTA Ride program manager commented from the audience that he is one of the 25 non-represented employees, and he said the non-represented employees are not part of the problem; they are part of the solution. Mr. Wood said this group consists of the employees who come in early, stay late, work the long hours, weekends and are on call. He continued that these employees work hard, and operate as efficiently as possible to meet the tremendous need. He asked that the board consider that they are arguing about an infinitesimal portion of the budget that affects a small, dedicated group of people who work very hard.

Mr. Deller asked Ms. Neira if she could put a dollar amount to all of the proposals listed in the July 14th memo. She replied that dollar figures for some items such as the $70,000 in wages had already been completed, but things like medical incentive are difficult because that number depends on whether the eight (8) affected

employees opt to take the coverage or not. She said that currently the cost for the eight (8) employees taking medical incentive is $40,000, but if they opt to take the family health coverage instead of a savings it will cost RIPTA approximately $74,000. Mr. Kennedy asked what the total savings would be and Ms. Neira said approximately $30,000.

Mr. Batting asked when the decision needed to be made and Mr. Moscola said there was no hard date for the decision. Mr. Moscola said he did not process any raises for non-represented staff and if the board would like Ms. Neira can come back and report on the dollar amount for each item. Mr. MacDonald clarified that the only item reflected in the budget was the $70,000 salary item and Ms. Neira said that was correct.

Mr. Batting said at a recent meeting Mr. Alves noted that for FY 2008 the budget showed $42.4 million in wages and over $21 million in benefits, which is $63.4 million out of a $92 million budget or 65%. He said the assumption for FY 2009 showed a flat line for wages from FY 2008 to FY 2009, therefore $70,000 would go against that resulting in a higher than budgeted year-end figure. Ms. Lee said Mr. Batting is discussing total dollars for all employees and right now the board is discussing 25 employees; not the big picture. Mr. Rupp said this affects the big picture and this discussion may change his vote. Mr. Kennedy pointed out the discussion is about people/employees and their families, not a bottom line. He said the cost of living is going up,

citing gas, food and oil for these employees as well.

Mr. Batting referenced the July 14th memo with the proposal entitled non-represented benefits/entitlements – proposed changes and asked that staff do a supplemental memo with dollar amounts and the actual impact and how it ties in with the wage and benefit package in the FY 2009 budget. Mr. Batting said he would like to schedule a board meeting for August and he would like to revisit this issue at that time with hard figures and be able to make a motion.

Mr. Kennedy referenced the July 14th memo, and asked what eliminating health incentive for retiree's means and Mr. Moscola explained the health incentive waiver.

Ms. Lee asked if this agenda item was being tabled and Mr. Batting said that he was tabling this topic to allow staff time to prepare a supplemental document with figures for each proposal and the corresponding impact on the FY 2009 budget. Mr. Moscola asked for clarification and Mr. MacDonald said staff should give an actual dollar impact of each proposal and the impact on the FY 2009 budget. Mr. Batting agreed with Mr. MacDonald's perception. Ms. Lee said a lot of the list would not have a dollar impact pointing out that they are policy issues.

Mr. Field made a motion to table agenda Item # 4 (a), (b), (c) and (d). Ms. Lee seconded the motion and it passed unanimously.

Agenda Item 7: Directors and Officers Insurance (continued)

Mr. Batting reverted to agenda item 7 to hear Mr. Licht's opinion. After reviewing the insurance policy Mr. Licht said the costs of defense are included in the insurance but they are part of the limit so if there was a lawsuit with $250,000 defense costs and a $1 million judgment, the total payout would be $1,250,000 and the policy has only $1 million of total coverage. On the employee practices liability insurance, where there is a deductible the directors pay the first $75,000 in deductible, so if RIPTA won the case, but it cost $100,000 to defend the directors would have to pay the first $75,000.

Mr. Licht continued saying what the board needs is to be indemnified by the entity and this can be achieved by amending RIPTA's by-laws. He went on to give an example of indemnification in a sexual harassment claim. Mr. Licht recommended that the bylaws be amended and Mr. Batting asked that counsel do so before the next Board meeting.

Mr. Licht then suggested extending the current policy for 30 – 60 days while the board decides if they would like a higher policy limit. Mr. Primevera said a 30-day extension is a possibility, but not 60 days. Mr. Field moved that the board renew the policy at the current limit level, that counsel add indemnification language to the bylaws and later when the budget issues are resolved review the policy limit. A

brief discussion ensued regarding the policy dollar limits and extension and following this discussion Mr. Field amended his motion and made a motion to extend the policy for the shortest term possible. Mr. Primevera said he could extend the policy for 30 days, which would take it to August 1, 2008 and assuming the policy is renewed for a full year the term would then run from August 2008 to August 2009. The board members then asked more questions regarding extending the policy and Mr. Primevera said he would have to speak with the underwriters before commenting.

Mr. Batting asked if the policy as written today could be rolled over for one year and Mr. Primevera said it was possible. Mr. Batting suggested this option along with adding indemnification language to the by-laws. Mr. Primevera restated that the present policy has a $1 million dollar limit, but if the board wants to increase the limit at a later time that is easy to do, however he said changing policy providers is more difficult because policies must be locked in for a 3-month period.

Mr. Batting asked for a motion to continue the current policy at the same liability levels for one-year, and Mr. Field moved the motion adding that the policy be continued for the minimum time period required. Ms. Lee and Mr. Kennedy each gave a second to the motion and it passed unanimously. After the vote Mr. Batting asked that Mr. Licht begin making the by-law change as discussed and Mr. Primevera clarified that the policy would be renewed for one year and

Mr. Batting said that was correct.

At this point Mr. Deller had to leave the meeting.

Agenda Item 8: External Auditors

Mr. Batting moved on to the next item to discuss RIPTA's "new" external auditors. Ms. Neira clarified that Braver is not a new audit firm; they have been RIPTA's auditors for approximately twelve (12) years. Mr. Batting asked for clarification on the name of the firm and Ms. Neira said that Braver was previously called Prescott, Chatellier, Fontaine and Wilkinson, but changed their name last year when they merged with another firm. Mr. Batting said he asked because he saw the name change and wanted to confirm that the auditors were the same group of people. Ms. Neira replied that it is the same firm and the contract with them was put out to bid. Mr. Batting asked how much longer they had on their contract and Ms. Neira said they have two (2) years left on a bid that was originally three (3) years and will audit RIPTA through Fiscal 2009.

Agenda Item 9.: Press Releases

Mr. Batting noted that the topic of press releases had been covered during the deficit reduction/budget discussion. Mr. Rupp said all of the service cuts he had read about he had read in the newspaper and

had not heard about them at a board meeting. Ms. Lee asked which papers and Mr. Rupp replied "The Providence Journal" and "USA Today". Ms. Lee said she had read the Providence Journal article and did not get the impression that cuts were imminent. Mr. Rupp said service cuts are a policy decision and he is not supporting service cuts. He continued saying his particular belief is that the Board is not going to cut service to working people without considering other options beforehand and he said service cuts are not the prerogative of management and it is his expectation that the board receive press releases of this nature prior to their distribution.

Mr. MacDonald said this issue begs the question as to where the Journal got the information and wondered if it was from RIPTA management. Ms. Lee said she had the same question. Mr. Kennedy said he thought it was management's prerogative to release information and Mr. MacDonald opined that it should not be. Mr. Kinch made a point of clarification and said the newspaper article being discussed was not predicated upon a press release, but was due to the Journal reporter being in attendance at the board meeting. Mr. Rupp disagreed saying he too was at the meeting and the service cuts were not discussed in detail and that he also spoke with the journalist. Ms. Lee opined that Mr. Rupp should take up this issue directly with the journalist. Mr. Kinch continued saying there was a presentation given to the Board on service cuts and that is where Mr. Kinch assumes the journalist got the information.

Agenda Item 12: Ratification of the Vote on Gas Tax Penny

Mr. Batting addressed agenda item # 12 noting that the gas tax issue is included in the proposal on the deficit therefore he moved on to the next agenda item.

Agenda Item 13: RFP 08-32 One Paratransit Van

Roger Mencarini addressed the next agenda item for the purchase of one (1), eight (8) passenger paratransit van with two wheelchair lifts. Mr. Mencarini summarized the information contained in the staff summary and the procurement process and said staff recommends the award of a contract to Bald Hill Dodge Chrysler of Warwick, RI to deliver one van at a cost of $86,090 which includes the necessary diagnostic and repair tools at a cost of $4,505. Mr. Mencarini noted that this purchase is federally funded.

Mr. Moscola added that the goal of this purchase is to procure a vehicle which will yield greater miles per gallon and that this Dodge sprinter vehicle is lighter and gets approximately 18 – 22 miles per gallon as opposed to the current paratransit vans which average eight (8) miles per gallon. Mr. Moscola noted that companies such as UPS and Federal Express are using these vehicles. He continued saying depending on the workload this vehicle could double the fuel economy on the paratransit vans and RIPTA may eventually want to use these for the Flex division fleet. He said purchasing one vehicle

as a test will determine if the vehicle can sustain the RIPTA workload. He continued that in a few months, RIPTA may want to consider purchasing another of this type of vehicle to test on the fixed route. He said if these vehicles work well for RIPTA, a variance will be sought for additional purchases because the vehicle is not American made. He added that a whole fleet of these vehicles would reduce fuel consumption by a significant amount.

Mr. Lewis asked when the fleet would start to rotate and Mr. Moscola said the paratransit fleet rotates every 5 – 7 years. Mr. Batting asked what other transit agencies were using this vehicle and how long they had been in use. Mr. Moscola referred him to the list contained in the staff summary while Mike McGrane read the list aloud including the number of vehicles and the years in use. Mr. Moscola said that in recent years due to input from many transit properties, including RIPTA, the manufacturer changed the vehicle making it longer and wider and adding dual rear wheels and a wheelchair lift on the right side. Previously the wheelchair was in the rear of the vehicle, but wheelchair passengers did not like being loaded and unloaded in the roadway. Mr. Lewis asked what the seating capacity is and Mr. Moscola said twelve (12) seats with two (2) wheelchair positions compared to the current vehicles, which have sixteen (16) seats that are not always needed.

Mr. Kennedy made a motion to approve the purchase of the paratransit van and Ms. Lee seconded the motion. Mr. Lewis asked if

any carriers in the northeast were using the vehicle and if it was equipped for New England weather and Mr. Moscola replied that Federal Express and UPS as well as a number of other private contractors are already using the vehicles. Mr. Lewis asked how much fuel savings is anticipated, and Mr. Moscola said the current vehicles average eight (8) to nine (9) miles per gallon, and he estimates that at a minimum this vehicle will get sixteen (16) miles per gallon. Mr. Lewis asked for the corresponding dollar amount, and Mike McGrane replied that based on an average annual mileage of 60,000 with fuel at the budgeted price of $4.50 per gallon the savings would be approximately $17,000 per vehicle.

Mr. Batting asked about the timeframe and the process by which to obtain pre-approval for buying a non American vehicle and Mr. McGrane explained the process saying the FTA recommended buying one vehicle under $100,000 and using it to gather information to establish data on fuel economy and then applying for a waiver with the data. Mr. Field seconded Mr. Kennedy's motion again and the motion passed unanimously to purchase the vehicle.

Agenda Item 14: RFP 08-25 Providence Metro Transit Enhancement Study

Mr. Batting moved on to the next agenda item, the Providence Metro Transit Enhancement Study. Mr. Therrien addressed the board, reminding them that he had been discussed a study of this nature

twice over the last year and a half. He said this is a study looking at the future in the metro area of Pawtucket, Providence, East Providence, Warwick and Cranston looking for the development of future systems for RIPTA including bus rapid transit, light rail, street cars, etc., and developing corridors that seem likely for future investment. He said the study has other pieces like spreading hubs, and the study will lead to the consideration of other options for route systems. However, the main piece of the study is to look at streetcar and rail in a Federal Transit Administration format and identifying short-term transit improvements for immediate consideration and implementation.

Mr. Therrien continued saying five very qualified firms bid. The review committee consisted of Mr. Therrien, Mr. Kinch, Tim McCormick and two individuals from the city of Providence who are supplying the 20% local match funding. After reviewing all the proposals the committee recommends HDR Engineering of Boston who bid $449,199, which was in the mid price range of the proposals received. Additionally, the committee felt HDR Engineering had a better understanding of the scope of the project and a good plan going forward. Mr. Therrien asked for the Board's approval to go forward with this project, which has been a long time in the planning. He added that there would be an advisory panel established to review the results.

Mr. MacDonald moved for approval of the award to HDR Engineering

as recommended by staff and Mr. Kennedy seconded the motion. Mr. Batting asked if 20% was coming from Providence, where is the balance of the funding coming from? Mr. Mencarini said the remainder of the funding would come from federal grant #RI90X054 and Mr. Therrien added that this is from regular formula funds from FTA that RIPTA has already received. Mr. Batting asked if this was something that is already in the budget and Mr. Therrien said it is already in the budget and does not impact operating funds. Director Lewis commented that it is a good move for RIPTA and he supports this study.

Mr. Rupp said he has no objection however he would like more information before he votes to get some insight into the selection committee's vision. Mr. Therrien asked if he wanted to see the actual proposal and Mr. Rupp responded that he did, and Mr. Therrien said he would give him the RFP and HDR's proposal. Mr. Therrien said that RIPTA has been very clear in its interest in this project, but would not contribute all the funding without getting matching funds. Mr. Therrien discussed the RFP process in detail adding that HDR scored the best in developing matching funds.

Mr. Rupp asked about alternative types of transportation and Mr. Therrien said rapid transit is one and streetcars, which are favored by the Mayor of Providence, but are not the highlight of the study. Mr. Batting asked what other transit authority has used HDR Engineering and Mr. Therrien replied Hartford, CT, Boston, MA, Atlanta, GA,

Sacramento, CA, Chicago, IL and Washington, DC.

Mr. Kennedy interjected that a motion was put on the floor and seconded and asked the Chairman to move forward with the voting. Mr. Batting reiterated that this study will cost $450,000 with Providence providing a 20% match and said he did not want to belabor the procurement but would like to receive further information in advance so the Board can ask more detailed questions about the RFP process and what information RIPTA anticipates getting out of the study. He continued saying this is another spending issue and while he doesn't disagree with looking at the logic, he wants more information. Mr. Therrien said in the future the board would receive more comprehensive information.

Mr. Batting asked if staff had spoken to the other transit properties that had used this vendor. Mr. Therrien said they had spoken to other properties who were very cooperative and said they had worked well with HDR. Mr. Batting asked what measurables will be obtained for spending $450,000, and Mr. Therrien replied that in the federal venue, in a three (3) phase process, the first measurable having the information obtained pass FTA muster.

Ms. Lee said without this study RIPTA might not be able to get in line for federal funds in the future. Mr. Therrien agreed saying federal transit funding is a slow process.

Mr. Batting noted that there was a motion and a second on the floor and took a roll call vote. All Directors voted in favor except Directors Rupp and Batting who abstained.

Agenda Item 15: Ferry Ridership Update

Mr. Batting moved onto the next agenda item an update on ferry ridership and Mr. Kinch addressed the Board. Mr. Kinch discussed the one-page document from the Board package saying it is an overview of the ferry season thus far versus last season. He said ridership is running slightly behind last season by about 40 passengers mainly due to a fuel charge increase and mechanical problems with the ferry, far more than in past years. He illustrated that in the month of May 26 trips were lost which dramatically affected the passenger count. He continued saying overall the ridership is good, especially considering the fare increase.

Mr. Batting noted that many trips were lost and the ridership has stayed flat. Mr. MacDonald asked where the fuel surcharge came from and Mr. Kinch replied that New England Fast Ferry the owner and operator of the ferry applied through the Public Utilities Commission. Mr. Batting asked if there was a surcharge over and above the $9.00 ticket charge and Mr. Kinch said there was a $3.00 surcharge added to the $9.00 fare. Mr. MacDonald asked if RIPTA knew about the surcharge prior to its implementation. Mr. Kinch said RIPTA was notified in advance that New England Fast Ferry was

applying for the surcharge, however he noted that they do not require RIPTA's approval to do so, and such notification was simply a courtesy.

Mr. Therrien added that ferry ridership shows up monthly in the General Manager report but at the end of the year Mr. Kinch does a seasonal update.

Agenda Item 16: Adoption of State Ethics Regulations

Next Mr. Batting addressed the adoption of the state ethics regulations. Mr. Licht suggested a working session where the open records and open meetings laws are explained, and Mr. MacDonald informed Mr. Licht that the open meetings law was addressed at a recent meeting by a representative from the Attorney General's office. Mr. MacDonald continued saying staff should arrange for a presentation on the ethics code, on open records law and also on sexual harassment training. Mr. Licht said his firm could work with staff on this.

Mr. Batting wondered if RIPTA is bound by the code of ethics why they are not a part of the by-laws. Mr. MacDonald said RIPTA is required by statute to adhere to them. Mr. Batting asked why not formally include them and Mr. Licht replied that RIPTA is subject to numerous state laws such as state procurement rules. Mr. Batting clarified that state ethics rules applied today across the board and Mr.

Licht said that is correct.

Upon receiving this clarification and assurance by Counsel Mr. Batting began to move onto the next agenda item and Mr. Kinch interjected a point of information saying Mr. Licht's firm is in the process of updating RIPTA's by-laws and a revised set of by-laws will come before the board for their approval very soon. Mr. MacDonald asked if the Authority authorized the updating of the by-laws and Mr. Batting said at a recent meeting some of the obsolete sections had been debated. Mr. MacDonald recalled the discussion but not the authorization for the counsel to revise the by-laws. He added that he has been personally working on by-law revisions that he intended to bring before the board. Ms. Lee asked his point and Mr. MacDonald replied that the board did not authorize the law firm to revise the by-laws.

Mr. MacDonald opined that policy decisions should come from the board, not staff and that staff is paid to manage the system and the board's role is to set policy. Ms. Lee replied that the meeting should move forward, and Mr. Licht added that only the board can amend the by-laws and over time as different outdated sections were discussed staff asked counsel to review the by-laws intending that the issue be brought back to the board. Mr. MacDonald reiterated that the request to review the by-laws was not made by the voting members of the Authority.

Mr. Batting said as a result of the recent discussion of the section of the by-laws dealing with voting by telephone he believed staff was to arrange to have the by-laws revised. He suggested if Mr. MacDonald had made revisions, he should get together with counsel to finalize the revisions. A discussion ensued among the directors regarding counsel having already undertaken the revision of the by-laws and the need to put this topic on the agenda for the next board meeting and staff's authority in handling something at this administrative level. After the discussion Mr. Batting suggested that Mr. MacDonald discuss his suggested revisions with counsel.

Agenda Item 17 (b): RIde Program Update (b) RIde Contract Extension (continued)

Mr. Batting returned to agenda item 17 (b) and asked if a formal vote was needed on the RIde contract extension. Mr. Therrien said no vote was needed at this time. He reminded the board that at the June meeting staff asked for approval of a 90-day extension to allow for time to work out cost issues with other state agencies. Mr. Therrien said an additional thirty (30) days are needed, and at the next meeting staff will come before the board with action and option issues. He added that it is unclear what authority RIPTA has or does not have and the other agencies involved are intending to have a very slow, drawn-out process on the new bid, which RIPTA staff does not think will happen until next year.

Mr. Batting asked that staff give their recommendations to the board with ample time for them to review and include the other agencies and the nature of their objections. Mr. Therrien said it is a very complex issue and they will get all the information to the Board with sufficient time for review.

Agenda Item 6: Capital Budget FY 2010 – FY 2014

Mr. Batting asked staff to give their presentation on agenda item # 6 the capital budget for FY 2010 – FY 2014. Mr. Field interjected that he did not have enough time to read the lengthy presentation included in the package and moved that this agenda item be tabled. Lilly Picchione, Director of Finance, responded that the timing of the capital budget is an issue as this is an annual submission that also deals with closing out the previous fiscal year and it is not uncommon for the board to receive this document with little lead time. She continued saying the document itself is a 5-year rolling document which is updated yearly. Ms. Picchione said there are no additional projects and the main change is the subtraction of the farebox project, which has been installed. Mr. Moscola added that any individual project within the capital budget such as the bus wash in Newport, or the asphalt in Kennedy Plaza will be brought back before the board at a later date by staff who will discuss the financing and other details.

Mr. Field suggested that the board receive a draft of the capital

budget next year in May or June with the items in question color-coded. Ms. Picchione suggested distributing a list of assumptions that are going into the capital budget rather than a draft with all the financials. At this point Mr. Field withdrew his motion to table this agenda item and asked that someone else move to approve the capital budget. Mr. Kenney made a motion to approve the budget.

Mr. Rupp said that since all proposals contained within the budget must come back before the board for approval at a later date suggests to him that a lot of work has been done and questioned if there is a better way to accomplish this. Mr. Moscola said the board could revise the capital budget next year if they wish and Ms. Picchione added that if any of the projects change during the year the Board as well as the state budget office would be notified. Ms. Neira said typically the budget must be submitted in early July, but since RIPTA's board meeting was not until the 21st, staff sent a letter requesting an extension on the submission date. She continued that once the budget is submitted to the state budget office, they will spend a couple of months reviewing it and then a capital committee looks at all of the projects and in the end it is given to the Governor for approval and submitted as part of his budget the third week in January. Ms. Neira explained the process in a little more detail and when she finished Mr. Field thanked her, said he was satisfied with the explanation provided and he seconded Mr. Kennedy's motion to approve the capital budget for FY 2010 – FY 2014 as presented by

staff. The motion passed unanimously.

Mr. Deller returned to the meeting.

Agenda Item 5: IFB 08-30 Paratransit Maintenance Facility

Mr. Batting moved onto the discussion of the paratransit maintenance facility and confirmed that Mr. Moscola and Mr. Kinch had met with the new directors, except for Mr. Rupp who was traveling, and provided them with a background on the project and an overview of today's presentation. Mr. Batting asked when staff had last brought this issue before the board and Mr. Kinch replied on December 17, 2007. Mr. Batting confirmed that all except Mr. Rupp had been briefed on the presentation and that Mr. Rupp had reviewed the presentation before the meeting. At this point Mr. Field suggested that the Board omit the power point presentation and go right to discussing the project. Mr. Rupp agreed.

Mr. Batting began the discussion by saying he has been negative on this proposal for some time. Mr. Batting continued by giving a brief history of the project and different uses of the property that have been contemplated, he commented that the Abrams report determined that RIPTA has adequate maintenance bays and storage based on federal requirements and that when RIPTA contemplated its partnership with RIDOT, such partnership was agreed upon on the basis that RIPTA was equipped to take on the additional vehicles and

the vehicles would not impede on RIPTA's operation. Mr. Batting stated he understands the state and federal funds are in place and that this is in the state budget, but he questioned whether all transit should be under a central hub. Mr. Batting stated in relation to the metro study approved today, should RIPTA be looking at satellite operations, and if so it would go against the logic of the paratransit facility being presented here. After making his observations Mr. Batting stated that he had not called the other directors before today to make his opinions known.

Ms. Lee stated there is a building ready to go up now and Mr. Batting is talking about a study down the road and what that may determine. Mr. Batting said he has concerns based on the new study, but also based upon the Abrams' report saying the current space is sufficient, and RIPTA's own statements in connection with its RIDOT partnership. Ms. Lee said the issues he was discussing have nothing to do with whether the board says yes or no to the proposed facility being presented today. Mr. Batting disagreed saying having a central facility for transit operations is an issue that needs to be reexamined, he illustrated this by discussing the NY train system and he asked the General Manager for a comment. Mr. Moscola said when the property was initially acquired the former General Manager of RIPTA envisioned using the property for storage, maintenance and a CNG station for fueling the trolleys. He said that some years later the CNG aspect was eliminated from consideration.

Mr. Deller stated he has been on the RIPTA Board for eleven (11) years and this issue has been an ongoing discussion. He continued saying a commitment was made some years ago to address the service needs of RIPTA and how the system should be developed to better maintain and improve services and part of that analysis was the acquisition of the site and discussion about possible uses. Mr. Deller stated that Mr. Batting has disagreed with the need for this facility since day one, but it is his opinion that this facility makes sense. He continued saying Rhode Island is a very small state and is the size of most other states metropolitan areas. He said ultimately RIPTA needs a service facility that will ensure the best maintenance of trucks, vans and buses and most effectively uses the available manpower. Mr. Deller said scattering sites could cause an increase in manpower and force employees to drive to other locations to get their bus or to service it. Questions such as how to store parts and fuel vehicles would be raised as a result. He said there are disadvantages to this approach, but recognized that there are also certain advantages and he has supported this proposal from day one. He added that this proposal has been questioned and debated by the board many times, and the current proposal is a good approach, which he believes should be put to a vote by the board. Mr. Deller then made a motion to approve the proposed paratransit maintenance facility as recommended by staff. Ms. Lee seconded the motion and Mr. Rupp interjected that he wished to speak.

Mr. Rupp stated up front that he would be voting against the project

for several reasons. He referenced the metropolitan transit study and said it would be asking what is best for Rhode Island and what is a good 5 and 10 year plan and this building would carve in stone alternatives that may not be good for RIPTA. He continued saying the facility is very costly coming at a time when RIPTA does not have any money and although most of the funds will come from other places it is still money spent and a high profile move at a time when RIPTA is contemplating cutting wages, services and increasing fares. Mr. Rupp said at this time he cannot decide if the building is the right thing for RIPTA, but stressed that the timing is poor.

Ms. Lee said that Mr. Rupp himself commented that the visibility, credibility and availability of public transit must be strengthened, and asked how he could say the timing is poor. Mr. Rupp responded that as a practical matter it would be an action perpetuating a hub system that does not necessarily work, and making this investment takes other resources away for the foreseeable future.

Ms. Lee said she is a neighborhood resident and this building would have significant positive economic impact. She continued that RIPTA has already spent a lot of money to acquire and rehab a blighted piece of land and she questioned how Mr. Rupp could consider leaving RIPTA employees to work in the existing facility because of a theoretical possibility that RIPTA may need a hub system. Mr. Rupp said its more than a theoretical possibility and that he believes the system needs improvement right now, and that this

building will perpetuate the problem, and take away the flexibility to make changes. He questioned that if the project was so good, why it wasn't build eight (8) years ago. Mr. Deller responded that it took eight (8) years to secure the funding and obtain approvals. Mr. MacDonald commented that all the money is in place now and can only be spent on this project.

Mr. Rupp reiterated that he does not believe going forward with this project is the right thing to do and Mr. MacDonald replied that to not go forward would be throwing away money. Mr. Deller said the system does a good job for the people served, and acknowledged there is always room for improvement. He said there are different kinds of services and different kinds of systems and the metro transit study will look at different ways to provide transit. He said that given the size of the state, regardless of what the study says this facility is still appropriate and that he has a basic philosophical disagreement with Mr. Rupp. Mr. Rupp replied that he respects Mr. Deller's opinion and they will have to agree to disagree.

Mr. Kennedy commented that he disagreed with Mr. Rupp's assessment of RIPTA. He continued saying he is a life-long Rhode Islander, and reiterated his support of the project stating that it is good for the state, has been approved by the board many times to be continued. Mr. Deller interjected that the Governor's office is fully aware of this project, has included in their capital budget and has made money available. Mr. Deller reiterated that he made a motion

and Ms. Lee reiterated her second.

Mr. Kennedy asked how much money had been spent on the project thus far and Ms. Picchione replied $4.9 million. He reiterated that he believes this project is good for the state and the only opposition prior to Mr. Rupp's today has been that of Mr. Batting. Mr. MacDonald added that this proposal has also been acted on by the state planning council and by the transportation advisory committee and included in the TIP for six (6) years.

Mr. Field commented that it is necessary to look 4 – 6 years down the road and determine where RIPTA will be then especially if the fuel prices continue to rise. Mr. Field explained how he bids on a job in his business and said he has seen many state contracts that are bid and later the project changes and those changes always cost more. He said he would like to see the contractor and the architect agree that if the vote is taken on the budget today, then any changes will be covered by the contractor and/or architect and not by RIPTA or the state. Mr. Deller commented that this was probably a part of the errors and omissions insurance and David DeQuattro from Robinson, Greene and Berretta responded that it is a part of the insurance. Mr. DeQuattro added that there is a $3 million dollar contingency set aside for remediation and some for change orders, which is minimal. Mr. Field said he was told the ground studies had been done and asked what would change. Mr. DeQuattro responded that the water table can be an issue and to deal with this successfully it is

necessary to dig at an optimum time, which would be in August or September to minimize exposure. He said unforeseen issues can always occur and that is why a $3 million contingency is set aside and if it is not used, it will be returned. Mr. Field said when he casts his vote today he wants to do so with assurances that the price of the project will not change and Mr. MacDonald said this was an unreasonable expectation. Mr. DeQuattro gave a brief overview of the bidding of the project, the contractor chosen, his price and contingency prices for concrete, steel and other materials and answered questions from the Directors.

Mr. Batting commented that in 2002 the cost of the project was $13.7 million and discussed the price escalation as well as the cost to heat and power the new facility once built. He said the scope of the project has shifted but he has remained consistent in his objections from day one.

Mr. MacDonald stated there is a motion on the floor to approve the project and he is motioning to end the debate and vote. Ms. Lee seconded this motion to end the debate and vote. The motion to stop the debate passed unanimously.

The motion having been moved and seconded the Chairperson asked for a roll call vote Directors Lee, Deller, MacDonald, Kennedy, Lewis and Field voted in the affirmative. The Chairperson and Director Rupp voted against the motion. The motion passed by a vote of 6 to

Agenda Item 10: Executive Session

Mr. Batting moved that RIPTA adjourn to an executive session, as noticed on the agenda, under sections § 42-46-5(a)(1) to discuss General Manager's contract. Mr. MacDonald moved to adjourn and to convene an executive session; Mr. Deller seconded the motion. A roll call vote was taken on the motion to convene to executive session. All members voted to convene the executive session.

Following the board's return to open session Mr. Deller moved to seal the executive session minutes. Mr. Field seconded the motion, which passed unanimously.

Agenda Item 9: Adjournment

A motion to adjourn the meeting was made by Mr. Deller and Mr. Kennedy seconded the motion, which passed unanimously.

Respectfully submitted,

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Ellen M. Mandly

Recording Secretary