

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF DECEMBER 18, 2008 MEETING

Board Members Present: John Rupp, Chair; Michael Lewis; Edward Field; William Kennedy; Rochelle Bates Lee; and John MacDonald.

Absent: Thomas Deller

Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (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: Approval of the Minutes of November 17, 2008 Meeting

Mr. Rupp began by expressing his appreciation to the Board members for their assistance in rescheduling the meeting to accommodate his travel schedule. Next he asked the Board members if they had an opportunity to review the minutes of the November 17, 2008 Board of Directors meeting. The members indicated that they

had and Mr. Kennedy made a motion to approve the minutes as presented. Mr. MacDonald seconded the motion; the minutes were unanimously approved.

Agenda Item 2: General Manager's Report

Mr. Moscola began by giving a status report on the construction of RIPTA's new paratransit facility. He said the project is on schedule the footings are currently being installed and the roof pipes for the drainage system are in place. He reported that all the unusable soil has been removed from the site and the final site work is expected to be completed in mid January and he expects steel construction to begin sometime in February. He noted that Messrs Rupp and Field requested that the contractor give a presentation to the Board in January and then every two months thereafter to update the Board on the status of the construction.

Mr. Moscola said he has not received any news from the House Finance Committee, but expects to hear something in early January when RIPTA will be expected to testify before the Committee.

Mr. Moscola said on December 11th that diesel fuel hit an all time low price of \$1.70 per gallon. Today RIPTA paid \$1.76 and has taken delivery of 10,000 gallons in an effort to keep the tanks full and make purchases when the price is low. Mr. Moscola said he issued a directive to the procurement department to keep the tanks topped off

while the price is low. He said the FY 2009 year to date average is still \$3.29, but he remains cautious about fuel because he has read that OPEC plans to cut oil production.

Mr. Lewis asked about the possibility of purchasing fuel in bulk for the State and Mr. Moscola replied that he has researched this issue and is concerned about the makeup of #2 low sulphur fuel purchased by agencies such as RIDOT. He said it has a tendency to gel in cold weather, more so than the #1 ultra low sulphur diesel used by RIPTA. Mr. Moscola hasn't yet ruled out purchasing fuel in bulk, but the blending of the two fuels is an outstanding issue that he is researching. We would have to purchase the winter blend from now to April. Mr. Lewis suggested the possibility of renting fuel storage tanks or trucks to take advantage of the lower fuel prices and Mr. Moscola said that by January of 2010 everyone must use the #1 grade ultra low sulphur diesel 15 ppm of fuel.

Mr. Rupp noted a 10 cent spike in gas prices that week and commented that fuel costs need to be monitored and remain a concern. He remarked that the General Manager has done a great job managing fuel costs.

Mr. Moscola discussed the purchase of 43 new vehicles under RIPTA's fleet plan, 30 were paratransit vehicles and 13 were Flex. He said that 14 of the new paratransit vehicles and 2 of the Flex vehicles had already been put into service and he described the process of

readying new vehicles for service. This process includes registration, installing fare boxes and radios and on the paratransit vehicles, installing computers.

Finally Mr. Moscola reminded that at a Board meeting earlier in the year he had discussed the possibility of adding a Dodge Sprinter to RIPTA's fleet and has been working with the manufacturer for many months to make certain adjustments necessary for RIPTA's needs. He said the vehicle has now been made wider and longer and has a right-sided wheelchair placement. He said the vehicle has arrived at Bald Hill Dodge in Warwick and he would be picking it up later that day. Mr. Moscola said the vehicle will be road tested for 60 – 90 days and he expects the Sprinter to get 18 - 20 miles per gallon, much more than the current 7 - 9 miles per gallon on comparable RIPTA vehicles. Mr. Moscola finished his report by saying he hopes to have the Dodge Sprinter on display at the January Board meeting.

There being no questions for Mr. Moscola, Mr. Rupp moved on to the next agenda item.

Agenda Item 3: Finance Committee Report

Mr. Rupp asked Mr. MacDonald to give the Finance Committee report.

Mr. MacDonald reported that the Finance Committee met on December 5th and that he and Ed Field were in attendance along with RIPTA staff to discuss the final revisions to the FY 2010 budget. Mr.

MacDonald said that after some discussion and questions by he and Mr. Field they were satisfied that the budget is acceptable and recommend that the full Board vote for its' approval when it is discussed later in the meeting.

Agenda Item 4: Governor's Panel Update

Agenda Item 5: Blue Ribbon Panel Update

Mr. Rupp asked Mr. Moscola to give the Governor's Panel Update.

Mr. Moscola said the Governor's Panel meetings had concluded and expressed his thanks and appreciation to Panel members Michael Lewis, Gary Sasse, Jerry Williams and their staff members for the time and effort they contributed to assist RIPTA. He said he had not yet seen the final report and concluded his comments by asking Director Lewis to give his thoughts.

Michael Lewis said that he and the Panel appreciated the efforts of the RIPTA staff who were very helpful throughout the process. He stated that the final report is being completed and soon will be presented to the Governor; therefore there is nothing further to report at this time. He added that when the legislature reconvenes in the new year, the Blue Ribbon Panels recommendations will be discussed.

Mr. Rupp said the final recommendations are a few weeks away, but

he hopes that they will be coming up with funding for RIPTA. Mr. Lewis reiterated that the Blue Ribbon Committee meetings have concluded and the report has been finalized and will be presented to the Governor's office. He continued saying it was a robust effort to determine the needs for transportation in the State, to identify the existing funding sources, or lack thereof, and to identify the needs of transportation going forward and recommend some options to bridge the gaps. Director Lewis said he expects these discussions to be difficult, but it's important to put the facts on the table and then make a value judgment between correcting infrastructure and revenues. He said you cannot make good decisions without a good set of facts and that is what the Blue Ribbon Panel has attempted to do, to provide the needed information to all Rhode Islanders so decisions can be made. He said they look forward to a robust discussion with the General Assembly in the new year, which he believes will draw a lot of public attention. He is hopeful that quick decisions will be made to help RIPTA's financial situation as well as the other transportation needs of the State, while recognizing the difficult economic situation the State and country are in and the impact of any new revenues on the economy. Director Lewis said it will be a valuable and important discussion and he thinks appropriate decisions will be made.

Ms. Lee asked if bonds or debt were being considered and Mr. Lewis responded that one of the current funding structure problems in Rhode Island is that we are too dependent on debt and borrowing. He illustrated this by discussing how borrowing and matching funds has

effected RIDOT to such an extent that their debt service is 50% of their revenue. One recommendation will be aimed at weaning agencies off their reliance on borrowing. This can't be done overnight so a 10-year proposal has been compiled to begin to relieve the reliance on borrowing, but to do that we will need to identify and bring in other revenue sources. He said a menu of options had been identified such as increasing the gas tax, tolling and registry fees with the revenue going to transportation as opposed to the general fund. He cautioned that none of the recommendations will be pain free and it will be a value judgment based upon the menu and a few different scenarios which identify the full need and a \$300 million dollar a year short fall – to get to that level of funding you need to do some out of the box thinking and identify some significant revenues that aren't there today. He said it may not be practical in this economy but there are ways of getting closer to our goal, and even if the goal is not achieved, we will still be better off than where we are today.

Director Lewis noted the possibility of a federal economic stimulus package with a portion dedicated to transportation infrastructure. He believes it's likely to happen with the dollars coming to Rhode Island being fairly significant; however he cautioned that this stimulus package won't make the financial issue go away. The Director said that even if we were to receive the level of stimulus currently being discussed in Washington, it would only address about 3% of our identified need. He said the economic stimulus package is important

and welcome, but it would only help for a year and does nothing to address long term needs.

Mr. MacDonald asked if there was much change between the draft and final report and Mr. Lewis responded there was not. Mr. MacDonald asked about the model for the report and Director Lewis said it was modeled on a test conducted in Oregon on a different system than what is being suggested here, which is one of the more controversial elements of the proposal, there is a true user fee, meaning you pay for the mileage you drive. He said the vehicle mileage would be recorded, possibly when your vehicle is inspected and the fee will be based on an established amount. He said this method is new and has never been used and listed some concerns such as asking for more money and those drivers who drive outside of Rhode Island. If you drive 10,000 miles per year at a half-penny per mile that would translate into a \$50 fee, which is new money and a new source of revenue. He acknowledged that this is a controversial plan. Mr. MacDonald asked about gas taxes in Connecticut and Mr. Lewis replied that their equivalent tax on fuel is about .54 cents per gallon where Rhode Island's gas tax is .30 per gallon. He said you don't get new revenue without impacting somebody, none of this is painless and none of this is free.

Mr. Rupp added that the Blue Ribbon Panel in their analysis of the proposed fees has recognized the value of RIPTA to the State as it is, and an expanded RIPTA and prioritized funding to RIPTA out of the

new funds being generated, which gives us a good lifeline and the opportunity to develop in a coordinated fashion a public transportation system for the State. He said there is a need to look for coordination and long term planning with other developments going on at RIDOT.

Mike Lewis said we all need to recognize that no additional revenues will be supported unless they are combined with ongoing efficiencies, operational improvements at RIPTA and at RIDOT. We constantly need to improve and study expenses because you cannot survive by being complacent. Mark Therrien passed out a document detailing various funding scenarios.

Agenda Item 6: Commendation for Deborah Dawson

Next Mr. Rupp noted that Deborah Dawson had resigned from RIPTA to accept another position. He commented that he has not known Ms. Dawson very long and so would like others to speak, but said she has been a vital part of the senior management team, is irreplaceable and he appreciates her service. He noted that her next position in Atlanta is a terrific opportunity for her and wished her luck.

Alfred Moscola remarked that the senior staff is small and they work very well together and Deborah played a critical role and her leaving will be a tremendous loss for RIPTA, although a gain for MARTA. He

said he wishes her the best of luck and said RITPA will be lost without her.

Mr. Kennedy said he has known Deborah longer than anyone on the Board and she has always been there when he needed her and he knows no other employee who is as dedicated or hardworking as Ms. Dawson. He said she is irreplaceable and he hates to see her leave, but wishes her all the best.

Deborah Dawson said deciding to leave was a difficult decision, especially because her family is remaining in Rhode Island. She said she was at crossroads in her life and this opportunity came along when her kids had grown and so she accepted the position with Dr. Scott in a much larger transit organization and the opportunity was one she could not pass up.

Agenda Item 9: FY 2010 Preliminary Budget

Mr. Rupp said Director Lewis had to leave early therefore he wanted to move ahead on the agenda to the budget discussion and asked Ms. Neira to begin her presentation.

Ms. Neira discussed the FY 2010 budget saying unfortunately it doesn't look any better than FY 2009. As mentioned by Mr. MacDonald, the Finance Committee met 3 times and had many discussions on the budget assumptions. She said the FY 2010

budget reflects a \$12.4 million dollar deficit and directed everyone's attention to the table entitled preliminary budget revenue variances on page 2 of the staff summary which shows the variances compared to the FY 09 budget. Ms. Neira said the table discusses the revenue and gives an overview between the FY 09 budget and the FY 10 budget and said the biggest factor is the loss of the Rltechare subsidy we previously received from the State and she is assuming we will not receive for FY 10.

Next she discussed expenditures saying the fuel has been reduced from the FY 09 price of \$4.50, which was subsequently revised to \$3.60, to a budgeted price of \$3.45 for FY 10. She explained that she achieved this figure by averaging the price RIPTA paid for fuel for the preceding 12 months and said with 6 months remaining in the fiscal year the price for fuel could change again. Ms. Neira said that typically she submits a plan to be incorporated into the Governor's budget and later modifies it in several areas such as the gas yield. This will be the basis upon which RIPTA staff will make their presentation to House Finance and after updated information is received modifications are made in February and again in May after the Revenue Estimating Conference.

Ms. Neira said the budget makes the assumption that RIPTA will not have a deficit at the end of FY 2009, although she does not know how this will be achieved. It also assumes that the service we have in FY 09 will be exactly the same as in FY 10 and RIPTA will remain steady

state.

She said that the federal funds are consistent with FY 09 as all federal funds through FTA are sitting on a continuing resolution until March 6, 2009. This means if she wanted to draw down funds for FY 10 it would be consistent with FY 09 and she will not have an answer on this until March, nor does she have any information on the federal stimulus package which may have an effect on our capital budgets.

Ms. Neira reminded the Board that our labor contracts expire on June 30, 2009 and this could affect expenditures. She said negotiations will begin after the first of the year and she is unsure how they will play out.

She said the budget includes a dollar amount to fund GASB #45 as discussed on the last page of the staff summary. In FY 09 there is \$500,000 set aside to be paid to the trust after the first of the year and a discussion took place at the Finance Committee meeting that thereafter an additionally \$250,000 would be added annually, therefore FY 2010 carries \$750,000 over the pay as you go amount for benefits and FY 2011 will carry \$1 million and so on until its fully funded. She said the actuaries are trying to finalize the evaluation to determine at what point we will be fully funded and the dollar amount we will need annually. Ms. Neira said if the Board is in agreement this needs approval so she can notify the State so they are aware of what we will be contributing into the State's trust fund.

Finally Ms. Neira again touched on the issue of fuel, reiterating that fuel has been budgeted at \$3.45 per gallon based on the average of the price paid by RIPTA over the last 12 months. She added that as of today, the average fuel price for the last 12 months has dropped to \$3.39. Ms. Neira said if fuel prices continue to go down the average price will continue to be lower for the year and there will be adjustments going forward.

Ms. Neira stated that one discussion still requiring a vote of the General Assembly is the possible change to the senior and disabled fare. The change would require legislation which would need approval before charging this segment of riders the half-fare in accordance with FTA regulations. Before Ms. Neira includes this in the budget, it will need legislative approval. She said that on an annual basis charging half-fare would increase revenue by about \$1.8 million.

Ms. Neira finished by saying the last four pages lay out the figures that translate into the \$12.4 million dollar deficit and she reiterated that \$5.2 million of the \$12.4 million deficit is due to the loss of the Rlticare subsidy.

Ms. Neira concluded her report and Mr. Moscola interjected that the budget will continue to change as we work through the budget process, but we need approval of the FY 2010 preliminary budget as it

stands today. Mr. MacDonald then moved that the FY 2010 preliminary budget be approved as presented. Mr. Kennedy seconded the motion and the motion passed unanimously.

On behalf of the Finance Committee Mr. MacDonald recommended that the Board approve the GASB #45 funding plan. Ms. Neira interjected that GASB #45 is a part of the budget and does not require an additional vote and Mr. Moscola asked that her comment be reflected in the minutes. Ms. Lee asked additional questions regarding the process of making the GASB #45 payments and future annual payments and Ms. Neira answered her questions.

Agenda Item 10: RIDE Contracts Update

Ed Scott addressed the Board to give a RIDE contract update. He said that with the help of Director Alves, meetings continue to be held with the Governor's office. He stated that when provider contracts are discussed, the conversations revert to DEA's budget deficit.

Mr. Scott commented on the DEA deficit saying it is his understanding that DEA has received authorization to move forward in eliminating service on 2 of the days of the week that they operate, which will cut their service by two-fifths. He said it will be a full day service cut affecting adult daycare, nutrition centers, T19's and medical facilities. Mr. Scott said this is a drastic cut that will definitely generate publicity. These cuts are the results of meetings

held between DEA and dialysis centers where DEA asked the centers to shorten their hours each day and were refused, but it was agreed to eliminate service on Tuesdays and Thursdays. The elimination of the service is tentatively scheduled for February 1st and will most likely result in riders moving to ADA transportation via RIPTA's ADA program and will likely lead to a significant increase in our expenses.

Mr. Rupp asked for an explanation of the ADA qualification process. Mr. Scott stated that it is a very complicated process and proceeded to explain it in some detail and summed up by saying that most riders who qualify for DEA also qualify for ADA. Mr. Scott answered questions and following this discussion Mr. Rupp asked Mr. Scott and Mark Therrien to compose a memo for the Board outlining the ADA discussion. Mr. Rupp said we need to be able to explain the costs and Mr. Lewis said we need to determine how many more riders we will have per day and the memo should outline the net change to RIPTA. Mr. Moscola said the numbers are currently being analyzed and when the analysis is completed he will have staff compose a short white paper for the next Board meeting.

Mr. Rupp commented that the Board is reviewing the budget monthly in an attempt to get through the year and going forward we must demonstrate what happens when changes like these occur.

Agenda Item 11: RFP 09-07 Safety Shoes

Mr. Mencarini addressed the Board to discuss the procurement for steel toed safety shoes for RIPTA mechanics which is part of the 618 collective bargaining agreement. He said there were 2 bidders and GT Safety Products was the lowest responsive bidder at \$126 per pair for 130 mechanics totaling \$16,000 annually. The contract is for one year with four renewal options.

Mr. Mencarini answered some questions and added that staff scrutinized the samples and believes GT Safety provides a very good shoe. Following the discussion of the procurement, Mr. Kennedy moved to award the contract to GT Safety Products as recommended by staff. Director Lewis seconded the motion and it passed unanimously.

Agenda Item 12: RFP 09-08 Kennedy Plaza Food Service

Mr. Mencarini addressed the Board and discussed the next agenda item a food service vendor for Kennedy Plaza. Mr. Mencarini said an RFP was issued and two vendors responded. Based upon the results of the evaluation committee, staff recommends the award of five-year contract to Freeman's Food Service of Providence. Mr. Mencarini said the rent is set at \$1,200 per month and would increase to \$1,500 during the term of the contract. He said that prepackaged food would be prepared on the premises and there would be no

grilling.

After a brief discussion Director Lewis moved to award the contract to Freeman's Food Service as recommended by staff. Mr. Kennedy seconded the motion and it passed unanimously.

**Agenda Item 7: Opportunities to Consolidate Human Resources and other Business Functions Through State and Quasi Public Resources
Agenda Item 8: Consolidation for Legal Work through a RIPTA
General Counsel**

Mr. Rupp addressed the next agenda item and said Deb Dawson's departure from RIPTA prompted him to address this issue. He said if RIPTA expects to receive funding then we must strive to be as efficient as possible and consider ways to reshape ourselves to be a statewide operation able to coordinate with other agencies. He said that the Governor's office and Representative Costantino are interested in opportunities to save money by utilizing shared services among agencies. Mr. Rupp acknowledged the complexities of the issue due to labor contracts, but feels it is an important conversation to have because Rhode Island needs to manage itself and reform the way things are done and RIPTA needs to strive to become a bigger, better agency that runs more efficiently.

Ms. Lee commented that these types of efficiencies might pit the

public sector against the private. Mr. Rupp responded that there are opportunities for different state agencies to use each others resources to achieve efficiencies. Ms. Lee wondered about the impact on labor contracts and Mr. Rupp said it would have to be investigated and possibly made a part of negotiations. Mr. Rupp said there are many outstanding questions but he wants to have the conversation to get the answers and approach issues with a new way of thinking. Mike Lewis interjected that this is what is meant by robust debate and we need to see if we can work along this path.

Mr. Rupp commented that there may be opportunities for different state agencies to provide services in areas such as human resources where we could use some of those resources to our benefit. He said he had also looked into RIPTA's legal expenses and the issue of a RIPTA General Counsel to fill in where Deb Dawson had previously functioned on the Human Resource side. He said these areas offer opportunities to work more effectively and efficiently and save money. He said this topic of discussion is being held at all state agencies and the services that RIPTA provides are viewed as valuable by other agencies.

Mr. Field said that while being mindful of the rules regarding rolling board meetings, this conversation needs to be continued and consolidation ideas solicited, listed and discussed. He said we should ask the Governor's office for a list of what their staff can provide and discuss with them how RIPTA can contribute. Mr.

Kennedy supported this suggestion.

Mr. Rupp noted that he and Mr. Deller had discussed objectives and said the first objective should be to protect riders and routes and the second is to protect jobs. He commented that playing an active role helps you manage your destiny.

Mr. MacDonald cautioned that consolidating with the State could be dangerous and expressed concerns over trustworthiness. Mr. Rupp responded that the topic of consolidation needs to be discussed.

At this point Lori Silveira interjected her opinion that the Board was not fully aware of the duties she performs and listed same. Mr. Rupp responded that at this point we are just beginning the conversation of an in-house counsel and similar initiatives to gain efficiencies.

Mr. Moscola agreed with Mr. Field's suggestion of compiling a list and said that he, Mr. Rupp and Ms. Lee had a conversation with Representative Costantino where he told them to think outside the box. Ms. Lee responded that when making comparisons it is important to compare apples to apples because RIPTA has been paring down for a long time. She said she would like to see the criteria with a cost benefit analysis to RIPTA because spending less today can sometimes lead to spending twice as much tomorrow if you make a bad decision.

Mr. Rupp agreed but said the State is in tough shape and cuts are a given. He said RIPTA has solid support and is vital and he believes we will get some funding, but we have to focus on being efficient. Mr. Rupp said we need to take the initiative in this area before we are told to.

Mr. Field asked a question about the General Manager's report and RIDOT operating revenue, which Ms. Neira answered. Mr. Field responded that he is looking long term and wondered about the possibility of taking on the repair of more RIDOT vehicles when we move into the new paratransit building. Mr. Moscola said that when we initially took on the repair program we had to prove to FTA that we were charging RIDOT for certain things. FTA then reviewed the breakdown of charges and granted RIPTA permission. Mr. Moscola said there are certain restrictions on increasing the size of that program and this is one area that needs more investigation and discussion. Mr. Moscola said he has great confidence in the RIPTA work force and their ability to provide the high quality repair service at a savings to RIDOT.

Mr. Rupp commented that programs such as the RIDOT repair program allow RIPTA to grow. Mr. MacDonald commented that there are intangible benefits also, such as RIPTA being known as a good partner agency.

Agenda Item 12: Public Comment

Mr. Rupp asked for public comments and recognized labor counsel Andrew Prescott. Mr. Prescott addressed those present to discuss the departure of Deborah Dawson. Mr. Prescott said he has worked with Deborah Dawson for over 10 years and has never encountered a human resource professional as hardworking, tireless, prepared, conscientious and fair as Ms. Dawson. Mr. Prescott said that sometimes state employees are judged unfairly and get a bad rap, but he would hold Ms. Dawson up as an example of a state worker who is truly dedicated. He recalled that Ms. Dawson has canceled vacations, come to work sick, worked nights and weekends and gained the respect of her co-workers including former union President Ed Rodgers and current Presidents Steve Farrell and Frank Ciccione. Mr. Prescott described Ms. Dawson as smart and honest and said these attributes contributed to making the negotiation process at RIPTA successful and peaceful. He finished by congratulating her on her new position and wishing her luck and following his comments there was enthusiastic applause from all those present.

Mr. Moscola added that he agreed with Mr. Prescott's characterization of Ms. Dawson. He said he would miss her and offered his congratulations and best wishes. Mr. Kennedy remarked that he agreed with Mr. Prescott's comments and added that Ms. Dawson's credibility was unmatched.

Next Mr. Rupp recognized Bill Legare, President of Northwest

Transportation who passed out a document about one of the Ride drivers from Northwest Transportation named Tom Burns who had the honor of being recognized as the outstanding paratransit driver of the year by the international association. Mr. Legare, Mr. Burns and his wife traveled to Tampa, Florida for the annual convention and tradeshow to receive the award. He said it is an honor to have an employee of Mr. Burns caliber and wanted the RIPTA Board to know of the accomplishment which is a first for the agency and detailed further in the document he distributed.

Mr. Rupp thanked the speakers for their comments and moved on to the next agenda item.

Agenda Item 13: Executive Session

Mr. MacDonald read the agenda, which noticed an executive session pursuant to Rhode Island general laws section § 42-46-5 (a)(2) to discuss Collective Bargaining Issues and Related Matters and motioned to convene the executive session. Mr. Kennedy seconded the motion and a roll call vote was taken. All members voted to convene the executive session.

Following the Board's return to open session Mr. Field made a motion to seal the minutes of the Executive Session, and Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 14: Adjournment

A motion to adjourn was made Mr. Field. Ms. Lee seconded the motion, which passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary