

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held, September 11, 2008

Finance Committee Members Present: Thomas Deller, Vice-Chair and John MacDonald, Treasurer.

Absent: Edward Field

Also Present: Alfred J. Moscola (General Manager); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien and Ellen Mandly.

Tom Deller mentioned that he saw Representative Costantino who discussed with him RIPTA's financial problems, but said he would not give RIPTA more money until he understands how RIPTA went from a balanced budget in March to a deficit situation and added that he is concerned about overtime costs.

Alfred Moscola said there was no set agenda for the meeting and asked Mr. MacDonald what he wished to discuss. Mr. MacDonald responded that he would like to discuss the FY 2010 budget assumptions.

Ms. Neira handed out a draft staff summary addressing the FY 2010

preliminary budget assumptions and noted that per the Board's direction at the last Board meeting, she had sent a letter to Rosemary Gallogly at the state budget office requesting a time extension for submission of the FY 2010 budget.

All present reviewed and discussed the draft FY 2010 assumptions. Mr. Deller asked about the revenue estimating conference and how the gas tax is determined. Ms. Neira responded with a detailed explanation and Mr. Deller asked that she put the explanation in writing for the full Board.

Next the Committee and staff discussed the individual line items in the budget. Mr. Kinch noted that under the previous Board Chair line items were added to the budget that increased the Authority's deficit. Mr. Deller asked Ms. Neira to determine any line items in the budget, such as GASB 45, that can be deferred.

Ms. Neira continued saying that the carryover deficit from FY 2008 is now \$1.5 million and an adjustment had been made to the amount mostly due to the gas tax. Mr. Kinch stated that the Board should make adjustments to the FY 2009 budget and Mr. MacDonald agreed. Ms. Neira said the deficit number could change again and she would prefer to wait until after the November revenue estimating conference before publishing the final deficit number. Mr. Deller said we have to be very clear when stating the budget numbers. Messrs Deller and MacDonald told Ms. Neira she could wait until the November

conference to finalize the deficit.

Ms. Neira discussed the difficulty of budgeting fuel costs and the gas tax. Mr. Deller said RIPTA needs to continue to emphasize that we need to add service, not cut it and this should be discussed and emphasized at the public hearings. He continued saying that RIPTA needs to lead, not react, when releasing information and that information handouts and press packets should be developed and available at the public hearings. Mr. Therrien said that the Lt. Governor's office recommended bringing in an outside firm to scope out RIPTA's message. Those present thought this was a good idea, but then a discussion ensued about how to pay for such services.

Ms. Neira said that the September Board meeting package should be completed on Tuesday and Mr. Deller asked that the Budgets for FY 2009 and FY 2010 be put on the agenda for discussion and approval along with discussion and approval for amending the FY 2009 budget.

Next Ms. Neira discussed how changes to the deficit should be reported in the July General Manager's report. Mr. Deller suggested displaying the information in a bulleted format and updating it each month.

Ms. Neira explained the purchase price of diesel fuel and the methods for budgeting. Mr. Deller asked that she do an analysis in writing and

give the explanation to the full Board for their information.

Mr. Deller discussed the issue of relying less on capital funds when budgeting, which was brought up by the Board at the August meeting. A discussion ensued regarding applying for capital funds and the appropriate uses. Mr. Deller asked staff to begin separating these dollars out in future budgeting. Maureen Neira and Mark Therrien discussed the process of federal funding and local match and Mr. Deller again asked that they do a one-page document explaining the capital funds process.

Deborah Dawson disseminated a copy of a draft memo regarding proposed changes to non-represented employee's benefits/entitlements which the Board directed staff to prepare at the August Board meeting. Mr. Field faxed in his comments on the document prior to the meeting and copies of Mr. Field's comments were distributed. Ms. Neira explained each of the recommendations and the Committee discussed them with staff. After the discussion the Committee decided to put the recommendations before the full Board for discussion and approval.

Finally the Committee discussed the issue of a third party audit, which was brought up by Mr. Field at the last Board meeting and referred to the Finance Committee for further discussion by the Board. The Committee members and staff discussed the yearly audits already performed by RIPTA's outside auditing firm and the

performance audit conducted by the Auditor General's office and the extensive management audit performed by Abrams & Chewony. After discussion Mr. MacDonald commented that he did not see the usefulness of another audit and Mr. Deller said the auditing procedures in place were adequate. However, since Mr. Field requested this item, it was decided to discuss it further at the next Finance Committee meeting when Mr. Field is present.

There being no further business Mr. MacDonald adjourned the meeting and said he would like the Finance Committee to meet again in October prior to the Board meeting.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary