

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF March 25, 2009 MEETING

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

Absent: John MacDonald (deceased)

Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel); Henry Kinch; 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.

Mr. Rupp began the meeting by speaking about the passing of Board member John MacDonald who he described as a valuable Board member and friend. Mr. Rupp asked that a moment of silence be observed in Mr. MacDonald's memory. After the moment of silence Mr. Rupp asked Ellen Mandly to give the details on the wake to be held later in the day.

Agenda Item 1: Approval of the Minutes of February 23, 2009 Meeting

Mr. Rupp called the meeting to order and asked if the Board members had an opportunity to review the minutes of the February 23, 2009 Board of Directors meeting. The members indicated that they had and Ms. Lee made a motion to approve the minutes as presented. Director Lewis seconded the motion; the minutes were unanimously approved as presented.

Agenda Item 2: General Manager's Report

Mr. Moscola began his report with a discussion of fuel saying the current price paid yesterday, March 24th is \$1.93 per gallon for diesel fuel and the FY 2009 average as of yesterday is \$2.66 which is below the budgeted price of \$2.80. He said the price of fuel is creeping up, noting that just two weeks ago fuel was at \$1.67. He will continue to monitor fuel costs.

Next Mr. Moscola gave a House Finance Committee meeting update saying staff testified on February 24th, answered questions and gave the House Finance Committee additional information relative to the half-penny from the underground storage tank funds the Governor submitted in his supplemental FY 2009 budget.

Mr. Moscola reported on the Senate Finance Committee hearing which was held on March 5th at which staff presented RIPTA's budget issues and answered the Senate's questions and again recommended

that RIPTA receive the half-penny in the State's FY 09 budget to help relieve RIPTA's budget deficit. Mr. Moscola noted that even if RIPTA were to receive the half-penny, it would still leave the Authority with a deficit of approximately \$1.3 million dollars with only a few months remaining in the fiscal year.

Mr. Moscola said he and Mark Therrien attended the American Public Transportation Association (APTA) Legislative Conference in Washington, DC earlier in March. They met with Congressman Kennedy's staff, Congressman Langevin and his staff, Senator Whitehouse and staff and with Senator Reed and his staff. As in past years they apprised Rhode Island's elected officials of the current affairs at RIPTA, discussed budget issues and gave a status report on the construction of the new paratransit building. They also spoke in detail about RIPTA's stimulus program. The legislators were very interested in preserving and growing the job base with the stimulus money.

Next the General Manager gave an update on the new E-Z Pass Program for crossing the Newport Bridge. He said that in the coming weeks E-Z Pass will be installed on 95 buses and 18 support vehicles.

Lastly Mr. Moscola reported that Lincoln Technical University has joined the UPass Program.

Mr. Rupp commented that at the House Finance hearing RIPTA's lack of funding was discussed and it was noted that in FY 2010 the situation is exacerbated by a decrease of over \$5 million dollars due to changes to the Rltecare Program. He said that while we are discussing increases in service and the fleet with the stimulus funds, we must be mindful that we still have to pay the bills at RIPTA. He said Chairman Costantino is very understanding and made it clear to the subcommittee that the stimulus money does not include funds for operations and cannot be used for that purpose. He stressed that RIPTA will have an unmanageable deficit if we do not receive the half-penny. Mr. Rupp said RIPTA is still getting strong support and there is recognition that RIPTA's financial situation still needs to be dealt with.

Mr. Rupp commented on the rising fuel prices and said we have to expect that if the fuel prices continue to go up, the gas tax revenue will go down.

He finished by saying that the situation remains serious.

Mr. Moscola introduced Mike Burke the Clerk of the Works to give a status report on the construction of the new paratransit facility.

Mr. Burke said construction of the new paratransit building which began in late August 2008 is now approximately 34% complete and the project is on time and within budget. He said all underground tanks have been installed and the dewatering for all of the

underground structures has been completed. The soil disposal issues he discussed in January have been resolved and foundation construction is about 99.9% complete.

Mr. Burke said that steel erection is progressing well and is about 45% complete. The steel erection is complete in the administration area and the second floor slab has been poured in that location. The steel erection is about 90% complete in the maintenance building area and has begun this week in the storage building area. He anticipates that steel erection will be 100% complete in approximately 3-4 weeks.

He said that installation of underground utilities is ongoing and external masonry has begun. Mr. Burke anticipates an increase in production once the weather breaks and spring begins.

Mr. Burke reported a total of 6 change orders to date, none of which have adversely affecting the schedule or the budget. The total of the 6 change orders is approximately \$570,000 and of that amount \$500,000 relates to the soil issues and the additional resulting water issues. There should be no more change orders for this issue.

Mr. Burke completed his report by passing out pictures of the construction and asked for questions. Director Lewis asked how long the construction would take and Mr. Burke said 18 months from start to substantial completion in January 2010.

Agenda Item 3: FY 2010 Budget Update

Maureen Neira addressed the Board to give an update on the FY 2010 Budget that RIPTA submitted to the State Budget Office in December. The original budget reflected a deficit of \$12.4 million. Over the last few months there were revisions made, including several contained within the Governor's FY 2009 Supplemental Budget and the Governor's FY 2010 proposed Budget, that have reduced the deficit to approximately \$5 million dollars.

Ms. Neira gave an overview of the modifications which included a net increase in passenger revenue due to additional revenues from Lincoln Technical Institute joining the UPass Program and a decrease in revenue due to changes to the senior/disabled pass program, lost interest from bank accounts, lower than expected lottery sales and the expiration of the Keep Eddy Moving program. Ms. Neira gave a brief overview of the Keep Eddy Moving Program and the impact of the program ending.

Next Ms. Neira discussed the Governor's FY 2009 Supplemental Budget and the Governor's 2010 Budget which include three modifications to RIPTA's budget. The first is the addition of the half-penny of the gasoline tax totaling \$2.2 million, second is the deferral by the State of the creation of the OPEB Trust until FY 2011 for which RIPTA had budgeted \$750,000 for FY 2010. The third

modification is an increase in debt service totaling \$60,886. These three modifications require legislative approval prior to being reflected in RIPTA's FY 2010 budget.

Ms. Neira said fuel for FY 2010 was originally budgeted at \$3.45 and she proposed lowering the budgeted price to \$2.40 which would save RIPTA about \$2.9 million dollars based on about 2.7 million gallons of fuel for the year. Mr. Deller noted that earlier Mr. Moscola said the YTD average for fuel is \$2.66 and wondered about lowering the price to \$2.40. Mr. Moscola replied that the YTD average included the \$4.00 per gallon prices from earlier in the year. Ms. Neira said that if fuel remains below \$2.00 until the end of the year, \$2.40 should be sufficient.

Mr. Moscola commented that he continues to negotiate with fuel suppliers to lock in on a price. Thus far the suppliers want 20% up front, but if he can get them to waive the 20% he will proceed to lock in a price.

Mr. Kennedy asked if collective bargaining had begun and Mr. Moscola replied that the process had begun and meetings were scheduled with staff and counsel for the following week. Mr. Rupp said labor costs should be looked at and factored into the budget.

Ms. Neira continued her report discussing funding modifications to capital replacement match and building repairs accounts which are

the result of inclusion in stimulus projects and the addition of federal funds totaling \$1 million dollars. In addition, a modification made due to a technical correction to the federal register that allows RIPTA to be reimbursed for costs of providing service in Newport and new funds from SAFETEA-LU. Ms. Neira finished by saying the modifications resulted in an increase in budgeted revenues of \$3.1 million and a \$4.3 million decrease in expenditures, the bulk of which is fuel, for a net change of \$7.4 million from the original budget submitted in December. She said she will come back to the Board in May or June with the final numbers.

Mr. Rupp asked if the budget took into account the changes in Rltecare and she said it did. He asked if it took into account any deficit carryover and she said it did not. Director Lewis asked what the deficit number was and she responded by saying that the current projected deficit for FY 2009 is \$1.3 million assuming we receive an additional half-penny.

Mr. Rupp asked when new bus acquisitions could be made and if the acquisition would result in additional service for FY 2010. Mr. Moscola said the acquired buses, whether clean diesel or hybrids, are a part of the current fleet plan and will replace retired buses.

Mr. Rupp referenced the Transit 20/20 presentation at the last meeting and asked the timeframe for implementing those changes which would hopefully expand service. Mr. Moscola said those

changes would be locked in with the hybrid buses which he hopes to introduce on a high performance route. Mr. Deller said he is working with Mark Therrien and staff to see if there is a way to shift service now to achieve some incremental changes in anticipation of implementation of Transit 20/20.

Mr. Moscola said he expects delivery of 24 new Gillig buses next November, and the fleet plan is to replace the 9200 series and 9800 series buses in the fleet. He said this budget reflects steady state plan and does not allow for any additional service. He said he intends to buy as many buses as possible with the stimulus funds to replace old buses in the fleet. He said that generally it takes 12 – 15 months to receive a new bus.

Director Lewis reverted back to the discussion of locking in a fuel price and he asked for the timing. Mr. Moscola said he will be ready to make a decision in about 2 weeks. Director Lewis asked if the Board was in agreement that locking in a price is a good decision and if Mr. Moscola had the Board's blessing on it. Mr. Moscola said it will be difficult to lock in a good price if he has to wait until the next Board meeting for permission. Mr. Deller asked the length of the lock in period and Mr. Moscola replied that it varies and is based on gallons in the contract. He said he is looking to lock in from April until the end of this fiscal year. He said locking in beyond the year end would raise the premium.

Director Lewis asked the Board if Mr. Moscola should be given the authority to lock in and Mr. Deller commented that the Board's job is to adopt the budget and the General Manager's job is to implement that budget therefore his view is that Mr. Moscola can make a decision to lock in up till June 30th, but not beyond without further discussion. Mr. Rupp agreed saying the General Manager has the authority to act within this fiscal year's budget. The Board agreed he could lock in until June 30th.

Ms. Neira answered questions regarding ADA reimbursement, the technical changes and the deferred GASB 45 funds. Following this discussion Mr. Kennedy moved that the FY 2010 budget update be approved as presented. Mr. Deller seconded Mr. Kennedy's motion and the FY 2010 budget update was unanimously approved.

Agenda Item 6: Ferry

Agenda Item 9: Public Comment

Ed Field disseminated his new draft of the Ferry RFP and Henry Kinch addressed the Board to discuss the same. Mr. Kinch said that the Ferry situation is at a crossroads for two reasons, first the difficulty due to time constraints. It will take about 40 days to get the RFP out and ten days to evaluate the responses and after that we will have to go to the PUC to approve the rates, fares and route structures. Mr. Kinch said this makes for a very tight timeframe and while it's not impossible, it is difficult. The second obstacle is the \$450,000 in lost

operating funds. He said we would also have to write to the Federal Highway Administration to request existing grant money that was remaining from previous years to cover the \$100,000 in marketing and \$50,000 in parking costs and some ancillary dollars for ticketing and the trailer.

Mr. Kinch said there are very few ferry operators who would be able to supply the service under these difficult conditions. He said it costs about \$900,000 - \$1,000,000 to operate the ferry for a season and we have removed \$450,000. Mr. Kinch stated that if the Board decides to go forward it would make sense to push back the opening date and allow the ferry operator to set the price of the fare and the frequency of the trips due to the loss of funds.

Mr. Deller asked if the \$176,000 in CMAQ grant money could be used for anything other than the ferry and Mr. Kinch said no. Mr. Deller asked if another project in the State could use the money and Mr. Kinch said only if it is a water related facility. Mr. Deller said he understands the desire to get the RFP out quickly and allow the operator to set the fare and the number of trips. He continued saying that going forward we need to understand that if we want the ferry to operate certain hours and make the fare affordable we need someone to tell us what kind of subsidy is needed. He noted that public transit is always subsidized and he feels we should ask for the subsidy in the future.

Mr. Kinch said we know what the numbers are from running the service in the past and it would not be wise to ask a private operator to set the price. Mr. Rupp agreed with Mr. Deller's assessment and said we need to determine the optimal level of service and the fee. He noted that other ferry services operate in the state such as Block Island without a subsidy.

Mr. Field suggested that we issue one RFP with two pricing options. Mr. Deller agreed that one RFP with 2 different pricing options was a good idea. Mr. Kinch summarized that the suggestion is for one RFP with two pricing options. Option A will allow the bidder to set the rate and the number of trips they will run without a subsidy and Option B where RIPTA will set a rate and the number of trips and ask the operator to make a bid. Option B would ask the proposed operator to include the amount of subsidy needed. A discussion ensued among the members and staff on how to make the ferry viable and affordable.

Director Lewis noted the members of the public in attendance with an interest in this agenda item and asked Chairman Rupp if we should allow for public comment at this time. Mr. Rupp agreed.

Mr. Rupp recognized John Flaherty from Grow Smart Rhode Island. Mr. Flaherty thanked the Board members for their time in discussing this issue and voiced his support for the issuance of an RFP with 2 pricing methods and encouraged RIPTA to apply for ferry subsidy

grants. Mr. Flaherty then read a statement into the record which is attached hereto as Exhibit A.

Next Mr. Rupp recognized Keith Stokes Executive Director of the Newport Chamber of Commerce. Mr. Stokes said there are 3 million visitors to Newport between Memorial Day and Labor Day and characterized most of these visitors as day trippers from the New England area. He said that the ferry is a vital tool to reduce congestion on the roads noting there are 6,000 parking spaces in Newport and the normal demand in the summer is for 20,000. He agreed with the dual pricing of the RFP and said that the ferry is a transportation asset that needs continued investment.

Next Mr. Rupp recognized RIPTA employee Joe Cole who said in 2007 the Wall Street Journal named Rhode Island as one of the top travel destination states and said the ferry is vital and needs to be funded. As an aside, Mr. Cole noted that Mr. Moscola and Mr. Farrell work well together.

Arria Bilodeau co-chair of Head of the Bay Gateway spoke and requested that the Board issue a ferry RFP and request from RIDOT the \$100,000 in marketing funds from CMAQ. She noted that she was encouraged by what she had heard at the Board meeting and then read a letter into the record that is attached hereto as Exhibit B.

David Riley a member of Friends of India Point Park spoke and said

that there is a 300-year tradition of ships entering the city via India Point Park and encouraged a two-part RFP. Mr. Riley suggested operating the ferry from June to September during peak times and submitted a letter for the record attached hereto as Exhibit C.

At this point Rochelle Lee requested that all letters submitted on this issue be made a part of the minutes.

Grant Parker of Kingston Marine Consultancy addressed the Board and said the ferry showcases Rhode Island's assets and the ride is enjoyable. He suggested that the RFP should be crafted to challenge the operators to look for grants not to agitate them. He also agreed with the idea of applying for a grant.

Ed Field said he liked the comments he has heard, but no one has come forward to tell us where to get the subsidy. Mr. Rupp said parameters are needed and those in legislators that are strong supporters of the ferry should see if a subsidiary is available.

Mr. Rupp asked Mr. Kinch to work with Ed Field on an RFP with two pricing options. Mr. Kinch said he would base Option B on last year's scheduled trips and length of service which is May to October. He asked if the \$100,000 in RIDOT grant money should be included in both Option A & B. Director Lewis told Mr. Kinch to confer with RIDOT staff on the availability of that funding. Mr. Rupp suggested that the option to begin service in June should be included.

Mr. Rupp called for a two minute recess.

Agenda Item 4: Stimulus

Mark Therrien and Lilly Picchione addressed the Board with a Powerpoint handout discussing the American Recovery and Reinvestment Act (ARRA); also known as the stimulus program.

Ms. Picchione said the goal of the stimulus act is to preserve jobs, to promote economic recovery, investment in transportation and environmental protection and invest in infrastructure with long-term economic benefits. She said the bulk of today's conversation would be about Transit Capital Assistance as noted on page 3 of the presentation.

Ms. Picchione discussed the Transit Capital Assistance program requirements and reiterated the bullets on page 4 which included funding for capital projects, the "use it or lose it" obligation, maintenance of effort provision and attention to audits.

Next she discussed Project Development on page 6 saying RIPTA followed the progress of the stimulus bill last year and began planning projects in November of 2008 when it became clear funds would be for capital use. In addition to complying with the goals of the statute, the General Manager set additional goals such as: creating

jobs, reducing operating costs, and environmental impacts and saving energy.

Ms. Picchone discussed some of the Project constraints saying Rhode Island can not use stimulus funds to replace money committed by the state as of February 17, 2009, or to replace money already in a capital grant or for projects under construction such as the paratransit facility.

Ms. Picchone said that RIPTA is already committed to a fleet replacement plan (page 8) and those funds are in place, but said the ARRA (stimulus) funds can be used to improve the buses we will purchase and allow RIPTA to upgrade from clean diesel to hybrids. She then discussed other purchases listed on pages 9 & 10 such as vehicle location technology, passenger facility improvements, maintenance and repair projects at the Elmwood and Newport facilities, 2004 fleet engine retrofits and bus rapid transit corridor customer amenities. She said the total funds needed for these projects is \$38 million and the total for all capital projects is \$71 million.

Mr. Field asked what the bus rapid transit corridor is and Mark Therrien replied that it is North Main Street and Broad Street in Providence. Mr. Deller asked if these were the busiest corridors and Mr. Therrien said they are, by far. Mr. Moscola described some of the other enhancements such as solar bus signs and improved bus

shelters.

Mr. Deller noted that the bus purchases were already in the pipeline and Ms. Picchone said that is why the stimulus money must be used for upgrading to hybrids only.

Director Lewis asked for an estimate of the maintenance cost for hybrid vehicles versus clean diesel and what the fuel savings would be. Mr. Moscola said that generally after 6 years hybrids require new batteries which cost approximately \$35,000, but added that they use on average 25 – 40% less fuel and get about 1.5 – 2 miles more per gallon.

Director Lewis asked about the average lifespan of a hybrid vehicle and Mr. Moscola replied 12 years. Director Lewis said this would mean a capital investment would be needed halfway through its lifecycle. Mr. Moscola noted that hundreds of properties across the country have been using hybrid vehicles for many years and that RIPTA would not have been able to afford the upgrade without the ARRA funds. Director Lewis asked what percentage of the fleet would be hybrids and Mr. Therrien said 25%.

Mr. Rupp asked that the General Manager obtain data from hybrid bus manufacturers describing the typical wear and tear and Mr. Moscola said he would get the data.

Mr. Field suggested that if stimulus funds are available for green projects he would like to see solar panels on shelter roofs and additional shelters in appropriate places.

Director Lewis said RIPTA staff did an excellent job of compiling and maximizing stimulus opportunities. He said the Board should recognize that the Governor has to certify any expenditure of federal funds and that all federal rules and regulations have to be followed including the TIP process. Director Lewis made the point that from the presentation it appears that the \$38 million would come to RIPTA but it actually comes to the State of Rhode Island and RIPTA is just the traditional user as we are a bus state. In his capacity as Director of RIDOT he pointed out that we are moving forward as a state to expand commuter rail service and we need to review whether there are opportunities to access federal stimulus money for the realization of the commuter rail. Director Lewis said that coordination is necessary.

Mr. Rupp agreed that coordination is necessary and that longer term decisions have to be considered. He added that bus purchases and enhanced ITS equipment both add jobs and improve RIPTA services and he also noted the need for improved security. Mr. Rupp said we need to realize that everything is in play and we need to prioritize and work with RIDOT because RIPTA will be vital to servicing rail.

Mr. Moscola said if the Board gives him approval to go ahead to

rethink projects, he will keep hybrid buses, ITS and security. He asked for the approval to go forward and Mr. Deller questioned whether he needed the Board's approval to rethink options. Mr. Moscola said he was unsure how many hybrids he had authority to purchase. Mr. Deller said we need to understand the implications of Director Lewis' remarks about putting money into rail.

Director Lewis responded that there is \$5 million in the TIP for rail and he would like to form a review team including Kevin Flynn, Al Moscola and another member of the Board to review this so he can make a recommendation to the Governor. Mr. Rupp suggested a subcommittee should be formed.

Mr. Field asked if the stimulus money is Rhode Island money or RIPTA designated money. Mark Therrien replied that the money is earmarked for transit in Rhode Island and that the highway funds can be used for transit and transit funds that RIPTA has traditionally been receiving can be used for rail or other projects. Director Lewis commented that this is a state initiative and this is a great opportunity to advance RIPTA with a modern fleet. He cautioned that as a state we need to keep in mind that we are moving beyond bus service and that commuter rail south of Providence is coming in the near future.

Mr. Moscola asked Director Lewis about forming a Committee to study this issue and he said he would pull together a committee and asked that the Board assign members to serve on it. John Rupp said

he and Rochelle Lee should be on the Committee.

Mr. Moscola commented that RIPTA is in the transportation business and Director Lewis added that maybe a year from now or sooner RIPTA may be operating commuter rail.

Ms. Neira asked how many hybrid buses Mr. Moscola would be given authority to purchase and Ms. Lee commented that the number remains the same unless the committee recommends something different. Mr. Deller asked when the TIP would be submitted and Mr. Therrien said April 13th.

Agenda Item 7: Amended & Restated RIPTA By-laws

Ed Field addressed agenda item # 7 regarding the amended & restated RIPTA by-laws saying he had spoken with Lori Silveira and given her his suggestions. Mr. Field said Ms. Silveira will incorporate his suggestions into the current draft and the revised draft will be sent via email to the other Board members for their perusal. Mr. Field asked that this agenda item be put back on for discussion at the April Board meeting.

Agenda Item 5 RIde Update

Ed Scott addressed the Board to give the RIde Program update. Mr. Scott reported that RIPTA has been working with the Department of

Human Services to reduce the population of Ride participants. He said that the participants have been broken down into 3 groups 1) dialysis patients, which he said RIPTA can handle 2) methadone patients and 3) the remainder of medical trips which Mark Therrien is studying to determine their needs and Ride availability.

Mr. Scott said everyone including Gary Alexander is in agreement with the plan being developed. Mr. Deller asked if there was a contract and Mr. Scott replied that he is working with Chuck Alves and the Governor's office on the contract situation. Mr. Deller asked if the contract is based on the old rates and Mr. Scott said it is and Mr. Deller remarked that those rates are outdated and cost RIPTA money.

Mr. Scott said the details are currently being worked out, but things are proceeding smoothly and he will come back before the Board in June to update the Board on all contract issues.

Agenda Item 8: Potential General Counsel Position

Chairman Rupp announced that this agenda item would be tabled at this time and asked that it be put on the April Board agenda.

Agenda Item 10: Executive Session

Mr. Deller moved that RIPTA adjourn to an executive session, as

noticed on the agenda, under sections § 42-46-5(a)(2) to discuss litigation matters. Ms. Lee 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. Field made a motion to seal the minutes of the Executive Session, and Ms. Lee seconded the motion, which passed unanimously.

Agenda Item 11: Adjournment

A motion to adjourn was made by Mr. Kennedy. Mr. Field seconded the motion and it passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary