

# **RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

## **FINANCE COMMITTEE MEETING**

**Minutes of Meeting held Friday, June 12, 2009**

**Finance Committee Members Present: Edward Field, Treasurer and Thomas Deller.**

**Also Present: Alfred J. Moscola (General Manager); Maureen Neira; Henry Kinch, Mark Therrien, Lilly Picchione and Ellen Mandly.**

### **Agenda Item 8: Ferry Update**

**Edward Field asked Henry Kinch for the ferry update. Mr. Kinch said there is a list of 15 – 20 items that need to be completed with the two most important being approval of the fare structure and an operating certificate from the Public Utilities Commission (PUC). He said there will be a hearing on these two issues in the next two weeks, which is very close to the season start date, but he does not anticipate any problems.**

**Mr. Field asked about the ferry operator's website and Mr. Kinch said the operator is working on it. He is also working to retrofit the boat and installing insulation in the engine room in an attempt to make it run more quietly. Mr. Kinch said some electrical work is needed at**

**the Providence pier and other items such as drug testing and insurance, which are required by the RFP, are proceeding.**

**He reported that the ferry operator intends to push the season start date from June 22nd to July 3rd due to the timing of the PUC hearing, but he does not perceive this as a problem. Mr. Field disagreed saying it reflects poorly on RIPTA and said we should issue a press release explaining that the delay is due to the ferry operator, not RIPTA.**

**Mr. Deller joined the meeting as Mr. Kinch was reporting that he had been contacted by an attorney named Seth Handy who represents a group interested in exploring an opportunity to develop a commuter water ferry service in Rhode Island. Mr. Handy would like to pitch this idea at a RIPTA Board meeting and Mr. Kinch thinks he may attend the June meeting on Monday. Mr. Deller is acquainted with Mr. Handy and suggested that RIPTA staff meet with him first.**

**Mr. Field asked if the ferry operator had met with Newport officials and convention center personal and Mr. Kinch said he had and was promised assistance with marketing and the like, but no financial support. Mr. Field officially called the meeting to order.**

#### **Agenda Item 1: Approval of Minutes of May 8, 2009 Meeting**

**Mr. Field asked Mr. Deller if he had had a chance to review the**

**minutes of the May 8, 2009 Finance Committee meeting. Mr. Deller indicated that he had and he moved that the minutes be approved as presented. Mr. Field seconded the motion and the minutes were approved as presented.**

### **Agenda Item 2: Recovery Audit**

**Mr. Kinch reported a discussion he had with a representative from the Auditor General's office. They are working on RIPTA's request and expect to respond to us in about a week.**

### **Agenda Item 3: Potential In-House General Counsel**

**Mr. Kinch reminded the Committee that at the last meeting they instructed staff to query other quasi-public agencies to determine those with in-house counsel. Mr. Kinch developed a chronology of this issue and actions taken to date. He also developed an initial survey to determine which agencies use in-house and/or outside legal counsel and the cost of thereof. He distributed a spread sheet listing the 14 agencies and with the details of the 5 responses he has received as of today. He said 4 of the 5 respondents have outside counsel and one, Rhode Island Housing has both. Mr. Kinch discussed the spreadsheet and answered questions.**

**Mr. Kinch has developed an in-depth survey to use when interviewing outside state agencies which he disseminated. His next step will be**

to interview those agencies with in-house counsel and determine the scope of duties and cost of in-house counsel and ancillary staff and related expenses.

### **Agenda Item 5: FY 2011 Operating Budget Assumptions**

Maureen Neira discussed the timeline saying that by late September/early October we need to have our preliminary FY 2011 operating budget to the State Budget Office therefore we need to determine the assumptions which she will then translate into dollars. The draft budget will be put on the July Board agenda for discussion and Ms. Neira will then make adjustments as a result of that discussion and put the final budget on the September Board agenda for approval.

She disseminated a document detailing the FY 2011 budget assumptions and said the assumptions break down into several areas. She began with the general assumption for those items that are set using a CPI. Ms. Neira is using 2.5%; the CPI published by the State and said RIPTA service will be budget for steady state service, remaining consistent with FY 2010.

Ms. Neira continued discussing wages and the seven (7) new positions listed. Mr. Deller said each new position needs a more in-depth job description and justification. Ms. Neira and Mr. Moscola briefly discussed the justification for the positions and said more

information will be compiled for the Committee. Mr. Field asked the cost of the new positions and Ms. Neira said about \$660,000 with fringe benefits.

Next Ms. Neira discussed fringe benefits and discussed GASB #45 which will be funded \$1,000,000 above the pay-as-you-go amount in FY 2011. A discussion was held on the likelihood of GASB #45 funding being postponed again. She discussed the working healthcare rates, potential co-shares payments and medical incentive payments.

Ms. Neira moved on to expenses and said fuel is budgeted in the \$2.80 to \$3.00 range and a fuel price has not been locked in. Mr. Moscola briefly explained the lock-in process and then a discussion was held on the ramifications of the new building on fuel costs. Mr. Field asked about the remaining CNG vehicles and a discussion ensued. Following this discussion Mr. Field asked staff to determine if it is possible to sell the remaining vehicles.

Ms. Neira discussed the new paratransit operations building which will be completed next year and its effect on the budget and Mr. Moscola discussed his plans for the current Ride building. She finished by elaborating on the line items for the ferry, capital match and debt service.

She completed the report on budget assumptions by discussing

revenues saying a fare increase, or implementation of a two-tiered fare would affect what we charge for Rltechare, Providence Schools and UPass, particularly UPass because the contracts will soon be renegotiated. She said that for now, she will leave these items unchanged. She continued discussing the senior/disabled policy legislation changes and answering questions regarding the impact if we were to implement a two-tiered fare. Mr. Moscola said implementing a two-tier system would be an operational nightmare and Mark Therrien elaborated on the difficulties involved with implementing it.

Next Ms. Neira discussed the Keep Eddy Moving Program which is scheduled to end December 2009, but could be extended to May 2010, regardless she is assuming this program will not exist in FY 2011 and we will lose reimbursement for the service and the ½ price passes.

She said the gas subsidy per the State will remain at \$4.4 million per penny until possibly November when the State reassesses it. Ms. Neira discussed one piece of federal funding which was resurrected for FY 09 & FY 10 due to technical corrections but will no longer be available and the addition of \$768,000 from federal funds for ADA reimbursement which staff uncovered.

Ms. Neira finished by discussing federal funds which will remain consistent with FY 2010 due to SAFETEA-LU which is due to expire and RIEMA training reimbursement and asked the Committee for their

thoughts on the assessments. Ms. Neira answered questions regarding the timing of the budget submission.

Mark Therrien reported that Senator Reed's office indicated that the rules on ARRA funds may be changed to allow for 10% to be used for operating funds, which would mean \$3.7 million for RIPTA.

#### **Agenda Item 6: FY 2011 – FY 2015 Capital Budget Assumptions**

Ms. Picchione discussed the capital budget assumptions saying each year RIPTA is required to submit a five year capital plan to the State. This submission becomes the basis for the Governor's recommendations in the capital budget. The purpose is to allow the State to accurately issue bonds and RICAP funds as well as to improve coordination among projects.

She discussed the timeline and said after reviewing the assumptions with the Finance Committee, the next step is approval of the full board at the July meeting with submission to the State in July 2009.

Ms. Picchione discussed each of the items under bus purchases listed in order of priority in her handout and said this list could be affected by the Governor's wishes. Ms. Picchione answered questions and elaborated on the assumptions and Mr. Moscola answered questions regarding the fleet plan and hybrid buses.

**Next Ms. Picchione discussed paratransit vehicle replacement, Mr. Therrien explained the 20% local match and Mr. Moscola gave his thoughts on various manufacturers and vehicles. Ms. Picchione then discussed the Elmwood expansion project and the Intelligent Transportation Systems (ITS) implementation which is a major program and the funding for same.**

**She reported on the Kennedy Plaza Repaving which will be done using a combination of federal grant funds and RIPTA's revolving loan. She said ARRA funds allowed RIPTA to expand the scope of the enhancements.**

**Ms. Picchione elaborated on the bullets discussing bus washes and Elmwood facility repairs and upgrades. She said the projects for Security Enhancements are aimed at increasing security of both passengers and equipment and facilities and discussed the funding already in place which must be used. She said Transit Enhancements include investments in park and ride lots and transit hubs and discussed the funding for same.**

**Finally Ms. Picchione discussed the bullets outlining the Bus Rapid Transit Corridor which was developed as part of the Metropolitan 2020 Transit Study and the Newport Facility Upgrades both of which were made possible by ARRA funds.**

**Ms. Picchione said if the Committee is comfortable with the projects**

she has outlined; she will translate them into dollar amounts and report back at the July Finance Committee meeting. The Committee was agreed with this plan of action and set the next Finance Committee meeting date for July 14, 2009.

#### **Agenda Item 7: Tiered Fares and Park & Ride Presentation Overview**

Mr. Therrien reported that he has been analyzing the issue of tiered fares three ways: 1) express trips 2) anything more than 7 miles outside of the city and 3) City of Providence. He said implementing tiered fares would be a very difficult process to implement for many reasons such as the farebox, but especially because of the impact on the UPass Program and Rltecare.

Mr. Therrien answered a few questions from the Board and said he would give a more in-depth presentation on the difficulties of implementing tiered fares at Monday's Board meeting and then report back to the Board at the July meeting with possible solutions. He said that Tim McCormick would give the Park and Ride presentation at the Board meeting on Monday.

#### **Agenda Item 9: Adjournment**

There being no further business a motion to adjourn the meeting was made by Mr. Deller. The motion was seconded by Mr. Field and the meeting was adjourned.

**Respectfully submitted,**

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**Ellen M. Mandly**

**Recording Secretary**