

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Tuesday, July 14, 2009

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

Also Present: John Rupp, Stephen Durkee, Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel), Maureen Neira; Henry Kinch, Mark Therrien, Lilly Picchione and Ellen Mandly.

Agenda Item 1: Approval of Minutes of June 12, 2009 Meeting

Mr. Field asked Mr. Deller if he had had a chance to review the minutes of the June 12, 2009 Finance Committee meeting. Mr. Deller indicated that he had and he moved that the minutes be approved. Mr. Field seconded the motion, with one spelling edit on page 4 and the minutes were approved.

Agenda Item 2: Revision to General Manager's Report

Edward Field asked Maureen Neira to make some changes to the

format and frequency of the General Manager's report. He and Ms. Neira conferred at length and he illustrated for her the changes he would like. Mr. Field said these changes would be subject to the full Board's agreement. Ms. Neira said she the changes will go into effect for FY 2010, which begins in July.

Agenda Item 3: Preliminary FY 2011 Operating Budget

Maureen Neira passed out two documents dealing with the preliminary FY 2011. The first document is in the staff summary format and titled FY 2010 budget update (because FY 2010 leads into FY 2011) and the second a FY 2011 budget assumptions discussion document. Mr. Deller interjected with two questions, first he asked if the \$4.4 million amount is locked in and Ms. Neira said it is not then he asked how much under budget fuel is due to locking in and she replied \$87,000. Mr. Deller asked if the \$373,806 deficit in the staff summary would then be reduced by an additional \$87,000 and Ms. Neira said it would.

Ms. Neira continued discussing the chart on page 2 of the staff summary which details the progression of the budget deficit. She said she will not know that actual projected deficit carryover for FY 09 until the end of September following the audit. A brief discussion of gasoline sales, and the effect on the gas tax of which RIPTA receives an additional 2 cents ensued and Mr. Deller suggested tracking gas sales to help RIPTA plan.

She said the deficit for FY 2010 is \$289,000 and she is hoping for a decrease in the FY 09 deficit carryover which would further reduce that amount. Mr. Deller asked about vacant positions and said he is particularly concerned about overtime and would like to focus on that issue in the coming months.

Mr. Field asked about the current procedure for progression whereby operators progress from full-time Rlde operator to part-time big bus operator. Mr. Moscola said there is good movement from Rlde to part-time and from part-time to full-time fixed although lately fewer people want to move over from Rlde. He said when this occurs, RIPTA may be forced to hire off the street from Bonanza, Peter Pan, etc. Mr. Rupp said we need to watch the progressions closely to determine early if there are any problems with the progression model.

Mr. Moscola then briefly explained RIPTA's driver training process and said he would keep the Board informed if he sees a trend toward improved movement from Rlde, Flex and big bus. Mr. Rupp said if we are looking to grow transit service, particularly in Flex, we need to ensure we have enough drivers.

Mr. Field commented on a recent letter to the editor of the Providence Journal from Steve Laffey which said the State Estimating Conference members were perpetrating fraud on the people of Rhode Island and he questioned the entire estimating process and its effect on the state budget. Mr. Field noted that RIPTA continues to use the

2% inflation rate set by the estimating conference. A brief discussion ensued regarding RIPTA's experience in using the rate set by the State and how it affects our budget. Following this discussion Mr. Rupp asked Ms. Neira to track budget line items such as fuel tax and inform the Board if there are unexpected changes.

Next Ms. Neira discussed the FY 2011 budget assumptions which were first discussed at the June Finance Committee meeting and said that since the June discussions the only changes made have been related to collective bargaining otherwise she still assumes "steady state" until she knows what will happen in FY 2010.

She discussed the bulleted items and the effects of RIPTA vacating the Elmwood property and moving to the new paratransit facility across the street. Mr. Durkee asked who is moving across the street and Ms. Neira listed the departments. Mr. Moscola said current fueling procedures will change and elaborated on the new fueling procedures and how this will affect headcount and answered questions on other potential new hires. Mr. Moscola then answered questions regarding the appearance of the new hybrid trolleys on order.

Ms. Neira continued discussing the assumptions elaborating on each of the sections dealing with wages, fringe benefits, expenses and revenues with particular emphasis on fuel, the move to the new building, changes to Ritecare, possible changes to the

senior/disabled passes by the legislature and the changes due to SAFETEA-LU. She said the ferry is not included in the assumptions and Mr. Rupp asked when this year's ferry service begins and Mr. Moscola responded July 13th.

Mr. Deller asked about the capital match for homeland security and wondered if Washington would be requiring security on buses and how this would impact the budget. Mr. Moscola said TSA had been here about three times and met with him, Mr. Therrien, Anne LeClerc and Doug Brown. He said they are supportive of RIPTA and have many good ideas. Mr. Deller said we need to be aware of this and how it will impact the budget.

Ms. Neira reported that the President did sign the bill allowing the use of 10% of federal stimulus funds for operating purposes and she is hoping to quickly receive further guidance in this area, but believes the amount to RIPTA will be \$3.7 million.

Mr. Rupp noted that no fare increase is budgeted for FY 2011 and asked when the last increase occurred and Mr. Moscola replied July 2008. Mr. Rupp said the Board needs to consider a fare increase. Ms. Neira noted that the purpose of converting stimulus funds to operating funds was to avert things such as fare increases and service cuts. Mr. Rupp said the fare increase should be designated for wages and he wondered if tiered fares would constitute an increase and require public hearings. Mr. Therrien said possibly,

depending on implementation.

Ms. Neira said these assumptions are a draft and any updates will be presented at Finance Committee meetings. The assumptions will come before the Board at the end of September because the FY 2011 Budget will need to be submitted to the State of RI Budget Office by October 1st. She said after this submission some changes will occur and then the revised assumptions must be submitted by the end of December to be included in the Governor's State of RI FY 2011 budget.

She finished by saying the deficit is at \$2.4 million and elaborated on the impacts on pages 3 and 4 such as the federal register change, ADA funds, technical corrections and GASB 45, etc. Mr. Deller suggested listing GASB 45 as a separate line item. Ms. Neira answered questions regarding parts, centralized maintenance, and utilities for the existing buildings and the new paratransit building.

Mr. Deller suggested exploring solar heating for the new building and any grants that may be available. Mr. Field agreed that solar panels and the like are a good idea which he has raised in the past. Mr. Therrien said he will soon meet with National Grid to discuss solar lighting. Mr. Deller discussed certain measures initiated by the City of Providence and companies that work in this area and said he would forward additional information to Mr. Moscola. Mr. Deller also suggested staff reach out to Kevin Flynn at RIDOT and Julian Dash at

RIEDC who may have additional information. Mr. Moscola asked Mark Therrien and Lilly Picchione to spearhead this effort.

Mr. Field thanked staff for the presentation and asked them to be prepared to pull back stimulus projects to convert to operating funds and a brief discussion ensued.

Agenda Item 4: FY 2011 – FY 2015 Capital Budget

Lilly Picchione handed out two documents and said at the last Finance Committee meeting members had a chance to review some of the assumptions and she reminded them of the capital budget process. She said what they are looking at now is the authorizing document and each individual project over \$50,000 in the 5-year capital budget will come back before the Board for authorization. She said they need Board approval to submit this before the end of July.

Ms. Picchione asked the Committee if they would like her to go through all the assumptions again. Mr. Deller asked if there were any major changes in the assumptions from last month and Ms. Picchione said no. Mr. Field asked Ms. Picchione to send these documents to the full Board with a cover memo asking them to fully vet the document before the July Board meeting when they will vote on it. Ms. Picchione said she would send the document and memo to the full Board and she encouraged those present to call her in the interim if they had questions.

Agenda Item 5: Adjournment

Prior to adjournment Mr. Field asked Mr. Kinch if ferry service had begun. Mr. Kinch replied that the ferry did not begin because the operator is waiting for a part to arrive from Italy which the Coast Guard requires. He said he hopes it begins in a day or two.

Mr. Field asked if the Auditor General had responded to RIPTA's inquiry relative to the recovery audit. Ms. Neira said they responded the draft RFP has now to the Department of Administration per standard procedure and when the paperwork is returned the RFP can be issued.

Mr. Field asked about selling the old diesel trolleys. Mr. Moscola said he is stripping some trolleys to keep for spare parts, but he does plan to sell some of the spares. Mr. Rupp suggested that Mr. Moscola develop a plan and timetable for disposal. A brief discussion of trolley disposal and resale ensued.

Following the trolley discussion a motion to adjourn was made by Mr. Deller to adjourn the meeting. Mr. Field seconded the motion and it passed unanimously.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary