

# **RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

## **FINANCE COMMITTEE MEETING**

**Minutes of Meeting held Friday, September 18, 2009 @ 2:00 p.m.**

**Finance Committee Members Present: Edward Field, Treasurer; Rochelle Lee; and Thomas Deller (arrived at 3:15).**

**Also Present: Alfred J. Moscola (General Manager); Maureen Neira; Henry Kinch; Mark Therrien; Lilly Picchione; Ed Scott; Roger Mencarini; Mike McGrane; and Ellen Mandly and representatives from Rite Solutions..**

### **Agenda Item 1: Approval of Minutes of July 14, 2009 Meeting**

**Mr. Field called the meeting to order at 2:30 and asked Ms. Lee if she had had a chance to review the minutes of the July 14, 2009 Finance Committee meeting. Ms. Lee indicated that she had and she moved that the minutes be approved as presented. Mr. Field seconded the motion and the minutes were approved.**

### **Agenda Item 2: 2010/2011 Operating Budget/General Manager's Report**

**Maureen Neira passed out two staff summaries entitled FY 2010 final budget and FY 2011 preliminary budget and began discussing the FY 2010 budget by saying that in May 2009 after budget modifications the deficit was at \$7 million dollars. Since that time RIPTA received an additional two pennies from the gasoline tax totaling \$8.8 million, saw Rltecare revenue reduced by \$.9 million, reduced the annual pension required contribution based on 2010 actuarial estimates, reduced fuel costs by \$86,000 by locking in at a price of \$2.366 per gallon and carried over a \$1.1 million dollar deficit from FY 2009. After factoring in these modifications to the budget she happily reported that the deficit is now at zero and the FY 2010 budget is balanced. She added that no wage increase or GASB contribution were included for FY 2010.**

**Ms. Neira asked for questions on the FY 2010 budget and answered queries regarding specialized consulting services, preventive maintenance reimbursement and Rltecare reimbursement.**

**Next Ms. Neira discussed the FY 2011 preliminary budget which totals \$99, 416,106 and increase of \$2.9 million over FY 2010. She discussed variances from the FY 2010 budget such as the loss of the one-time additional ADA funds totaling \$1.1 million which RIPTA had received due to a technical correction to the federal register, a \$1 million increase due to the funding of retiree health/GASB, and other budget line items outlined in detail on page 2.**

**Mr. Moscola commented that fuel prices have risen and at present it is too costly to try to lock-in a price for FY 2011. The Committee members asked Messrs Moscola, Mencarini and McGrane questions regarding fuel costs and lock-in date ranges and other questions relative to the fuel lock process. Following this discussion Mr. Moscola asked Mr. McGrane to give him weekly fuel lock-in updates. Ms. Neira added that fuel is budgeted at \$2.60 for FY 2010.**

**Ms. Neira continued saying that there was no deficit carry over from FY 2010 and no costs associated with on going labor negotiations have been factored in. She then answered questions regarding budgeted staff openings. Mr. Field asked about the stimulus funds available for operating costs and Ms. Neira replied that of the \$3.7 million available, \$3 million was used to fill in the gap in the budget and \$700,000 remains.**

**Mr. Field noted some typo changes on page 4 and asked that the date of the collective bargaining contracts be changed to “expired” and he asked for an explanation of the figure for elderly affairs. After answering the Committee’s questions Ms. Neira completed her report.**

**Mr. Field and Ms. Lee expressed satisfaction with the budget reporting.**

### **Agenda Item 3: Land Disposition**

**Henry Kinch passed out a memo discussing the proposed sale of RIPTA surplus property which was approved for sale by the Board last year. He discussed the bid schedules for the three properties at Dyer Avenue in Cranston, Broad & Montgomery Streets in Cranston and Hull Street & Narragansett Parkway in Warwick. Mr. Kinch outlined the bid process and the bids received for the three properties saying the process resulted in one buyer withdrawing their bid, one property getting no bids and one buyer bidding and then backing out. No sales were made.**

### **Agenda Item 4: Recovery Audit**

**Roger Mencarini distributed a document outlining the details of the recovery audit and said the RFP was issued in July and responses were received by September 2, 2009. One vendor, Profit Search, Inc. of Framingham, MA submitted a bid response asking for 45% of funds recovered funds from their audit.**

**Mr. Mencarini said that in September of 2007 the State of Rhode Island through the Division of Purchasing held a competitive bid process for audit recovery services and as a result of that process the State issued a contract to Pinpoint Recovery Services who proposed a 19.5% fee from funds recovered as a result of their audit services and their services are available for all state and quasi state**

agencies to utilize.

Henry Kinch answered questions from the Committee regarding RIPTA's bid process and that of the Division of Purchasing. Following this discussion Mr. Field suggested RIPTA move forward with the recovery audit by Pinpoint Recovery and that staff notify the other bidder that they look into getting on the State's master pricing list. Ms. Neira interjected that she must notify the Auditor General and receive approval before Pinpoint Recovery can begin the audit.

Ed Field asked if the selection of Pinpoint Recovery should be put on the Board agenda and Mr. Kinch said it was not necessary, but we could add it as an agenda item and Mr. Field asked Ms. Mandly to do so.

#### **Agenda Item 5: Human Services Transportation Study**

Mark Therrien discussed the Human Services Transportation Study saying it is a detailed analysis of transportation spending by all Rhode Island human services agencies. He said the purpose of the study is to identify where expenditures are being made, analyze which programs are funding them, identify the holes in the system and set best practices going forward and will also review Rhode's capabilities to adapt to proposed changes.

Mr. Therrien said that this study will be funded using \$500,000 of New

**Freedoms funding and will receive local match funding from In Kind services, Ride revolving funds and DHS funds, but no RIPTA funds will be used. The Human Services Transportation Study will be on the September Board agenda although RIPTA and DHS have not yet worked out the final details on the capital match funding for the vans. Mr. Therrien said that of the 5 bidders on the study none responded in full but 2 bidders were better than the rest.**

**The Committee asked questions of Mr. Therrien and Mr. Field remarked that it appeared as if the tail were wagging the dog. Mr. Field suggested that maybe the recovery audit firm could help sort out the funding questions posed by this study. This suggestion was discussed by the Committee and staff and it was decided to investigate contracting with the auditing firm to assist and paying them an hourly rate. Ms. Mandly was asked to put the Human Services Transportation Study on the September Board agenda for discussion.**

### **Agenda Item 6: Rite Solutions Unsolicited Proposal**

**Tom Deller began the discussion on the unsolicited proposal RIPTA received from Rite Solutions by suggesting the Finance Committee ask how does this unsolicited proposal meet the requirements of our RFP and what are the differences and similarities. Ed Field noted that the unsolicited proposal had been submitted to the RIPTA Board and the Board asked that the Finance Committee do the preliminary**

**evaluation.**

**Ed Scott said that he gave the Rite Solutions proposal for Automated Vehicle Location (AVL) tracking of RIPTA's fixed route fleet to RIPTA's ITS consultant, Steve Mueller of MACRO Corporation and asked that Mr. Mueller review and comment on same. Mr. Mueller's review was sent to the Finance Committee prior to the meeting and was handed out to those present today under a memo from Mr. Scott dated September 15, 2009.**

**Jim Lavoie a principle from Rite Solutions disseminated a document entitled "Welcome to our World" and began discussing his company saying he is a disabled veteran and the company's other employees are also veterans. He said their unsolicited proposal to RIPTA was not about picking his proposal per se, but about picking the right system for every state vehicle and that this is decision is about business and economics for multiple state agencies.**

**Mr. Lavoie then discussed Rite Solutions in detail explaining how they operate in wartime situations and how programs they have implemented in Iraq to track various military vehicles and equipment could also be used to track RIPTA buses, and also RIDOT, Airport vehicles and school buses and that information on vehicle whereabouts can be accessed via a laptop.**

**Mr. Lavoie suggested that RIPTA stop and think about what is good**

for the state as a whole and said RIPTA could gain financially by implementing a common system capable of serving multiple agencies and tracking their assets.

Next Rick Mcauliffe of Rite Solutions discussed the system they implemented in the State of Georgia which tracks 4,000 school buses.

He said RIPTA should look at the economics of scale and become a repository of the system and then sell the tracking services to other state agencies such as RIDOT and school departments. Mr. Lavoie discussed 4-G and 3-G communication and bandwidths and explained how each agency's information would be segregated and confidential from each other.

Mr. Deller noted that RIPTA had issued an ITS RFP and asked what the Rite Solutions system did not respond to in that RFP. Mr. Lavoie responded that certain items not addressed such as the signs on the bus were merely an interface and not a technology problem for them.

Ms. Lee asked about risk and liability and noted that politically, there would be turf issues and accountability and wondered if Rite Solutions had considered this. Mr. Deller noted that they are offering a holistic system and wondered if RIPTA was empowered to embrace such a system and if so who would pay for it. Mr. Lavoie responded by suggesting that RIPTA implement a pilot program.

**Chuck Angell from Rite Solutions interjected that their system would be “communications independent” on a private band radio and said theirs is a “future looking design” and described how it would interface with a laptop computer on the bus that could connect to wireless service.**

**Steve Mueller responded by discussing different aspects of RIPTA’s needs such as passenger counting, on time tracking, changing of the bus signs and how they must interface. Mr. Mueller said there are many general purpose tracking products, but the transit world has unique needs and certain vendors cater to these specialized needs for fixed route computerized scheduling.**

**Mr. Field noted that RIPTA needs to decide whether to remain parochial or take the lead statewide and if we take the lead how it would generate revenue and who would be responsible for scheduling if, for instance, RIPTA were to sell the service to a school department.**

**Mr. Mcauliffe noted that the Rite Solutions proposal was submitted to RIPTA after the ITS RFP process and suggested that RIPTA delay awarding the contract and instead implement a Rite Solutions pilot program.**

**Mr. Deller said he appreciated the need for a better statewide system however the foibles of doing business in Rhode Island concerns him.**

**He said that any ITS solution has to be expandable and we need to grow a system that is economically affordable and keep in mind that some of our federal funding has strings attached.**

**Next the possibility of implementing a pilot program on the Ride Program was discussed along with the costs of the current units on the Ride vehicles. The Rite Solutions representatives then discussed at length the potential benefits to RIPTA becoming a statewide service provider and how well their system has worked for the Georgia school department.**

**Mr. Moscola said that RIPTA is always looking to raise revenues, but the transit business is unique and the system called for in the RFP was designed as a management tool which would help the planning department to schedule more efficiently, better service customers, pinpoint maintenance issues and allow for rerouting of buses based on changing traffic conditions.**

**Joseph Merino from Rite Solutions said that central to the decision is having access to multiple units and protecting information and then described a contract they have with the Navy. Mr. Mcauliffe thanked RIPTA for their time and asked that we think outside the box.**

**The Committee members discussed next moves and Mr. Field said he would give a synopsis of today's discussion at the Board meeting. He said he believes that Mr. Lavoie's ideas have merit, however**

**RIPTA management is already stretched thin and attempting to implement a statewide program is a big sticking point. Mr. Deller suggested waiting 30 days for more review and then had to leave the meeting.**

**Mr. Field asked Ed Scott, Steve Mueller and Jim Lavoie to meet and discuss what the Rite Solutions proposal is missing. Mr. Scott agreed to coordinate the meeting and opined that from a separation of powers standpoint the big question is who would coordinate the state agencies who would presumably be involved in a statewide program. Henry Kinch remarked that the task being contemplated is of enormous proportions and such a huge undertaking would require years of coordination not to mention the procurement and bidder issues that would arise.**

**Mr. Field thanked all for their participation in the discussion and said a better understanding of the revenue and expansion possibilities is needed.**

### **Agenda Item 7: Solar Update**

**Mr. Therrien noted the recent resignation of Tim McCormick and said that at present the planning department is short staffed and asked for more time to gather information on this topic.**

**Mr. Moscola said he had had personal dealings with a master**

**electrician named Gene Plunkett who he believes has extensive experience with solar panels and windmills and offered to gather information. A brief discussion was held and Mr. Field suggested tabling this topic until work on contract negotiations is further along and staff has more time available. Ms. Lee asked to be included in future solar discussions.**

### **Agenda Item 8: Adjournment**

**Following the solar discussion a motion to adjourn was made by Ms. Lee to adjourn the meeting. Mr. Field seconded the motion and it passed unanimously.**

**Respectfully submitted,**

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**Ellen M. Mandly**

**Recording Secretary**