

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Thursday, February 4, 2010 @ 10:15 a.m.

Finance Committee Members Present: Edward Field, Chairperson, Thomas Deller, Jerome Williams

Absent: Rochelle Lee

Also Present: Alfred J. Moscola (General Manager); Maureen Neira; Henry Kinch; Ed Scott; and Ellen Mandly.

Agenda Item 1: Approval of Minutes of December 16, 2009 Meeting

Mr. Field called the meeting to order at 10:15 and asked the members if they had had a chance to review the minutes of the December 16, 2009 Finance Committee meeting. They indicated they had and Mr. Deller moved that the minutes be approved as presented. Mr. Williams seconded the motion and the minutes were unanimously approved.

Agenda Item 2: Ride Building Lease

Henry Kinch discussed the proposed lease with the DMV for the Ride building at 325 Melrose Street, which will be vacated when the new paratransit facility opens in 2010. He said that they are still finalizing the term and start date of the lease and some other issues such as insurance.

Mr. Kinch said staff had complied with the Committee's request at the last meeting to substantiate the proposed rates and had retained Peter Scotti and Associates to do a fair market appraisal. Mr. Kinch distributed a copy of the appraisal to the Committee along with a one page document setting out the details of the lease and a diagram of the area to be leased.

Mr. Kinch answered questions from the Committee relating to utilities, parking spaces and impacts on area traffic

Following the question and answer period Mr. Field said he had asked staff to make improvements to the initial lease and staff achieved this objective and he was satisfied.

Mr. Deller made a motion that the Finance Committee make a recommendation to the full Board that the lease be approved. Mr. Williams seconded the motion and it passed unanimously.

Agenda Item 3: ITS Recommendations

Ed Scott addressed the Committee to discuss the draft Advanced

Transit Management System (ATMS) staff summary and said staff had also attached a document entitled benefits to transit ITS systems and an RFP evaluation scoring summary. Mr. Scott said this project is essentially the same one that has been on the table since the beginning and he listed some of the benefits of the new system, areas that will be monitored, improved dispatch functions and security features. The project will take 12 – 18 months from installation to completion.

Mr. Williams said the Committee was interested in reviewing customer benefits and Mr. Scott said the system will allow for real time customer information updates at RIPTA's transit hubs. Mr. Kinch said some shelters will also provide information via wireless devices. Mr. Williams asked for and received more information on how information will be accessed wirelessly via devices with internet access.

Mr. Field asked who had designed the set up at Kennedy Plaza and Mr. Moscola said the previous General Manager oversaw Kennedy Plaza, but he oversaw the operations set up. Mr. Field asked if it would be cost effective to eliminate dispatch at Kennedy Plaza and have centralized dispatch at the Elmwood location. Mr. Moscola replied that this idea has been considered in the past, but there is insufficient space at Elmwood to house the necessary equipment.

Mr. Field and Mr. Williams asked questions about moving and

consolidating the dispatch functions and staff responded at length with Mr. Moscola describing his plans to assign street supervisors to different areas of the State. The Committee members noted that the new system would be an intelligent system and asked that staff give the relocation and consolidation of dispatch more thought.

Next Mr. Williams asked how the new technology would benefit operations and Mr. Moscola said the new system will allow the dispatchers to have more control over the buses when they are out on the road. Mr. Scott added that it will also help to gather important information that will assist the Planning Department with their work.

Mr. Field stated that the most important aspect is the cost because the Board tasked the Finance Committee with ensuring the funds were spent wisely. He said the question of cellular versus radio still remains and he has not yet received an answer that satisfies him. Mr. Field asked what the procedure is to install radios on the new buses and Mr. Moscola said the installation of the radio equipment is considered when designing the new buses and the old equipment is removed and reinstalled on the new vehicles.

Next Mr. Field asked why there was no consideration in the allotment of ARRA funds for digital radios if the Governor were to okay the purchase. Mr. Scott replied that the current life expectancy of the radio system would still be in effect and we would still owe the federal government for half the life expectancy of the radio system if we

abandon it. Mr. Scott answered more questions regarding the initial purchase of the radios and said we would like to have a digital system, but can't afford it.

After further discussion Mr. Field asked Mr. Scott to look into the possibility of selling our radio system to another transit property. Mr. Field then asked further questions of Mr. Scott regarding the cost and feasibility of switching to a cellular system.

Next Mr. Field asked about the remaining time left on the Macro consulting contract. Ms. Neira said Macro had been retained as part of the existing contract and they will remain available through the installation of the new system. Mr. Field noted that only \$40,000 remains for their consulting services and the installation is still far off and Mr. Williams asked if Macro will want more money to complete the project. A discussion ensued and Mr. Scott said five years ago when the project began the amount designated for Macro was sufficient but now the project has run into overtime. Ms. Neira added that Macro has done additional work that they did not bill for. Mr. Scott finally said he was not yet sure if the \$40,000 remaining would be sufficient for Macro to complete the project.

Following this conversation Mr. Williams asked staff to put Macro's costs to date and a projection of costs forward into a spreadsheet. Mr. Field asked further questions related to cameras, warranties and other items and said the Finance Committee needs to know exactly

what we are actually buying, what we are actually getting and how much we are paying for it.

Mr. Field gave staff further instructions on what to include in the spreadsheet Mr. Williams requested. Ms. Neira confirmed that the staff summary would be amended as suggested by the Committee and put on the February Board agenda for approval.

Mr. Williams stated that he would like to see language in the final contract stating that RIPTA has no prior relationship with the successful vendor or the consulting firms. Mr. Kinch said this language is already in the boilerplate contract.

Agenda Item 4: FY 2010 & FY 2011 Budget Update

Ms. Neira discussed the FY 2010 and FY 2011 budget update document given to the Committee. Beginning with FY 2010, she said at the last Board meeting the gas tax yield was discussed and she has set out this discussion on Exhibit A. Mr. Deller noted a drop from 4.4 to 4.3 which would put the Authority about \$150,000 in the hole by year end. Ms. Neira discussed passenger revenue, Ritecare, claims and other issues which have resulted in some savings this year, but said we are over in parts and fringe benefits. She said that wages are short, but we are also short on the revenue side.

She said Exhibit A represents the best case scenario on where will be

then moved on to Exhibit B which showed what the gas yield was set at by the Department of Revenue. This estimate was embedded into the FY 2010 supplemental budget when it was submitted. She said based on these estimates she would be showing a \$1.3 million dollar deficit. Mr. Field asked if we are paid the estimate, or the actual amount and Ms. Neira said actual.

Ms. Neira discussed the gas yield proceeds historically and how she tracks same and the criteria Mr. Dion used to come up with his estimates. She said Mr. Dion has now made an adjustment to his original estimate and she answered questions regarding when she receives the actual funds. She said if the gas tax continues to track as it has, she is comfortable with estimating a \$150,000 deficit which she deemed manageable. Mr. Moscola noted that keeping wage costs down is helping.

Ms. Neira moved onto Exhibit C which was an update on internal savings and discussed each of the bullets and the savings associated in such areas as paper recycling, maintenance agreements on office equipment, scrap recycling and position vacancies. Mr. Williams asked about employees out on long term disability and said this should be monitored and Ms. Neira answered questions on same.

She moved on to the bullets discussing long term savings related to a review of long term absences, schedule printing changes, electricity savings due to the TIGGER grant, a proposed tort liability cap, and

changes to the senior/disabled and regular fare prices.

At this point Mr. Deller left the meeting.

Ms. Neira answered questions relating to scheduled overtime, electricity costs, and the legislation needed to effect changes to the tort cap and senior and disabled pass price.

A discussion ensued regarding the use of ARRA funds for operating dollars in the budget. Mr. Williams emphatically stated that he will not vote for the use of ARRA funds for operating dollars as a matter of principle. A discussion ensued and Mr. Field supported Mr. William's position.

Ms. Neira explained that the Governor removed RIPTA's bond request from our budget, something that has never happened before. She explained that the bond money was slated for new bus purchases and the removal of the bond will detrimentally affect RIPTA's fleet plan. Ms. Neira explained the background and timing of the bond request and answered questions. Mr. Moscola explained his fleet purchase and maintenance plans and agreed that the removal of the bond will adversely affect these plans.

A brief discussion regarding the useful life of a buses and the repayment of bonds ensued. Ms. Neira then said the recent announcement that the Governor has asked the Director of RIDOT to

make recommendations regarding potentially merging RIPTA into RIDOT has left her unsure how to view the big picture. Mr. Field responded that she should continue her planning as usual.

Ms. Neira ended her presentation by saying the 2011 budget has been revised based on her reports today. This budget reflects the reduction in the gas yield, and includes leaving in \$1 million in ARRA funds, but added that the ARRA number is troubling because the Board approved the inclusion of \$3 million in ARRA funds. Mr. Field suggested she prepare the budget as if she had no ARRA funds thereby reflecting a deficit which can then be dealt with. Mr. Williams said the revised budget can go to the Board, and he feels more discussion of the FY 2011 budget is needed to deal with factors such as the gas tax yield and ARRA funds.

Ms. Neira explained the timing issues associated with the budget and all agreed further discussion is needed at the Board level.

Agenda Item 5: Old Business

No old business was discussed and Mr. Field moved on to the next agenda item.

Agenda Item 6: Adjournment

There being no further business Mr. Field said he would entertain a

motion to adjourn and Mr. Williams made said motion. Mr. Field seconded the motion and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary