

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Monday, April 5, 2010 @ 2:00 p.m.

Finance Committee Members Present: Edward Field, Chairperson; Thomas Deller; Rochelle Lee; and John Rupp; William Kennedy; Michael Lewis; and Stephen Durkee.

Absent: Jerome Williams

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

Agenda Item 1: Executive Session Pursuant to 42-46-5(a)(2) to Discuss Collective Bargaining

Mr. Field called the meeting to order and asked for a motion to convene an executive session as noticed on the agenda under 42-46-5(a)(2) to discuss Collective Bargaining and Mr. Deller made that motion. Mr. Rupp seconded Mr. Deller's motion and a roll call vote was taken to convene an executive session under 42-46-5(a)(2). All members voted unanimously to convene an executive session.

Following the Board's return to open session Mr. Deller made a motion to seal the minutes of the executive session, and Mr. Rupp seconded the motion, which passed unanimously.

Agenda Item 2: Approval of Minutes of February 4, 2010 Meeting

Mr. Field asked if the members had a chance to review the minutes of the February 4, 2010 Finance Committee meeting. They indicated they had and Mr. Deller moved that the minutes be approved as presented. Mr. Field seconded the motion and the minutes were unanimously approved.

Agenda Item 3: Budget Workshop

Before the budget workshop discussion began Mr. Rupp commended Mike Lewis and the Department of Transportation on their response to the recent devastating flooding in Rhode Island.

Mr. Field began by commenting that RIPTA's operating budget has gone from \$66 million to \$100 million yet it seems we have the same number of passengers, buses in use, gallons of fuel being used, same number of employees and our unfunded ADA costs remain consistent yet there seems to be a deficit every year and we need more money to do the same amount of work. The only apparent change is in wages and benefits. These are the questions he has and he is open to hearing anyone with answers.

He made a personal observation that it seems everyone in a car is subsidizing everyone on a bus whether with federal funds or gas tax revenue funds. He quoted some statistics he found online relative to car and carpoolers and said if these people switched to the bus we'd be in a tough situation because as everyone in the room knows, when ridership increases the gas tax revenues decline. Mr. Field said the Finance and Strategic Planning Committees need to work to develop a new source of funding to correct this situation. He suggested funding for RIPTA might be split between federal funds, passenger fares and the gas tax.

Mr. Field distributed a handwritten matrix he composed covering FY 2006 – 2011 and illustrating his initial assertion that RIPTA's expenses outside of wages and benefits seem to have remained the same while the overall operating budget amount has grown.

The Committee reviewed and discussed the matrix and all agreed that the main issue is RIPTA being funded by the gas tax which is not a sustainable source of funding. Mr. Lewis commented that no transit system in the country is self sustaining. Mr. Moscola said transit properties across the country are raising fares, reducing service and laying off employees. Mr. Rupp asked what the total percentage of passenger income and Ms. Neira replied 23%. Mr. Therrien discussed the percentages at other transit properties. Mr. Deller said Rhode Island ridership is somewhat different because jobs are dispersed

across the state and not just in cities.

At this point Rochelle Lee arrived and the Committee discussed the impact of more fuel efficient vehicles on gas tax revenues and the fact that RI does not have unreasonable traffic which makes it easy for people to use their cars to commute.

Mr. Therrien briefly discussed his chart detailing annual ridership from 1997 to 2009. He noted the growth in ridership in 2008 & 2009 due to changes to Rltecare and answered questions.

Next the Committee held a brief discussion on legislation proposed by the Coalition for Transportation Choices (CTC) which recommends implementing a suggestion from the Blue Ribbon Panel for a tax on petroleum fuel products and using this tax to support RIPTA and RIDOT. The CTC estimates this new tax would generate about \$43 million in new revenue. Mr. Lewis commented that he feels this tax is akin to increasing the gas tax.

Mr. Field said that like it or not we have to begin looking at possible service cuts and mechanic and bus driver layoffs in order to balance the budget we have. Mr. Lewis asked a question about the matrix and Ms. Neira disputed some matrix figures. She said the actual revenue for 2005 was \$75 million, for 2006 it was \$83 million and she noted other inaccuracies. She believes Mr. Field failed to include paratransit in his figures and to make the matrix consistent you must

include Fixed Route, Flex and Paratransit.

Ms. Neira handed out a graph illustrating diesel fuel costs from FY 2005 to FY 2010 for review. Mr. Rupp commented that before we contemplate cutting service or raising fares we must get our figures precise. Mr. Deller said that at the recent budget workshop they discussed things such as reducing the length of the service day, adjusting the headway of bus routes, and the changing the size of the buses on certain routes.

Mr. Deller suggested looking at the budget years 2005 and 2009 line by line. Ms. Neira said wages in 2005 were \$35.5 million and up \$7 million to \$42.4 million in 2009. Fringe benefits went from \$17 million to \$23 million, of the \$5 million increase \$3 million was health insurance and the remainder was pension. Fuel went from \$3.7 million to \$6.9 million – an increase of more than \$3 million which led to a carryover deficit in 2009. She discussed the costs of ADA, parts, self insurance, utilities and other miscellaneous costs and answered questions.

Mr. Deller reiterated that a new funding mechanism for RIPTA is needed. A discussion ensued regarding the potential service changes and service hours. Mr. Kinch said these issues go back to the RIPEC report from 2002 which said Rhode Island needs to make the big decision of what kind of transit service to provide the State.

Mr. Rupp said we need to do a better job stressing the value of RIPTA to the State. Mr. Deller agreed with Messrs Kinch and Rupp saying we need to develop our argument for 2012. He said we need a fixed route and flexible service plan to service the state and the legislature and the Governor need to make a judgment call.

Mr. Rupp said we need hard credible numbers to base our argument on. He added that RIPTA's credibility has improved a great deal recently. Ms. Lee asked how we should frame RIPTA's story and Mr. Lewis suggested starting with the negative story of "what if". He said we should be very explicit with on the possible service cuts and hit hard with the facts of the impacts such as no weekend or holiday service.

Mr. Deller asked the best way to get the public to pay attention and Mr. Kinch suggested public hearings across the State. Mr. Field said we need to fine tune the stats such as the cost per person, per bus. Mr. Rupp said we need to set out what kind of service we can put out with the dollars available and say this is all we can pay for. Mr. Durkee added that we must also convince the public that RIPTA is worth additional investment. Ms. Lee said we need a PR campaign to develop sound bites and get them to the right audience. Mr. Lewis agreed saying we need to hammer home the message, particularly with the upcoming elections.

Following further discussion Mr. Rupp challenged staff to get RIPTA's

story together in three months and back it with good solid numbers which we will give to gubernatorial candidates and others running for office. Mr. Lewis said it should have a very specific service reduction plan and a discussion ensued with Committee members offering ideas for the PR plan. Mr. Lewis also suggested that we use the CTC as a consultant and offered the consulting assistance of Bob Shawver at RIDOT who developed their format.

At this point Mr. Lewis left the meeting.

Mr. Field and the Committee discussed additional ideas for marketing RIPTA and the Providence Foundation meeting to be held April 14th. Following this discussion Mr. Field asked Ms. Neira to correct any inaccuracies in his matrix and said she would update the matrix.

Next Ms. Neira discussed the FY 2011 budget and the deficit generated by the shortfall in the gasoline tax projections and the increase in debt service. The deficit would have been at \$5.2 million had we not used \$3 million in ARRA funds. After the March Board meeting we received our gas tax and at 8 months worth of collections we are running just under \$4.3 million, greater than what the State projected for FY 2010. Ms. Neira has a call into the State to discuss this issue but has not heard back yet but is hopeful they will adjust their projection for next year.

The Committee held a discussion on the budget and the use of ARRA

funds and following this discussion they asked Ms. Neira to revise the budget staff summary and illustrate the various options available including the use none or all of the ARRA funds available to RIPTA and to have this available for the April 19th Board meeting. Next the Committee and staff held a brief discussion on current fuel prices and lock-in costs. The current price to lock in from July 2010 to November is \$2.95, from December to June 2011 it's 3.07 versus a budgeted price of \$2.60. .

There was a brief discussion regarding the Grow Smart Power of Place Summit meeting on May 14th and Mr. Durkee suggested RIPTA look into presenting at this meeting. Mr. Therrien will contact Grow Smart regarding the meeting and RIPTA's participation.

Agenda Item 4: Public Comment

There were no public comments.

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. Deller made a motion to adjourn.

Mr. Rupp seconded the motion to adjourn and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary