

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

FINANCE COMMITTEE MEETING

Minutes of Meeting held Friday, June 11, 2010 @ 2:00 p.m.

Finance Committee Members Present: Edward Field, Chairperson; Jerome Williams; Thomas Deller; and Rochelle Lee.

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

Agenda Item 1: Approval of Minutes of May 7, 2010 Meeting

Mr. Field asked if the members had an opportunity to review the minutes of the May 7, 2010 Finance Committee meeting. The members indicated they had and Mr. Williams asked that “stop laws” be changed to “stop loss” in the budget discussion. Mr. Deller moved that the minutes be approved with the change suggested. Mr. Williams seconded the motion and the minutes were unanimously approved as amended.

Agenda Item 2: Ferry Boat Dock

Mr. Kinch addressed the Committee to ask what they would like to do with the ferry boat dock that RIPTA owns. The dock remains at

Connelly Pier site of our former ferry operation which is now in bankruptcy. The dock was purchased with federal funds a number of years ago for \$165,000.

Mr. Kinch offered three options: 1) leave the dock at Connelly Pier and insure it at a cost of approximately \$266 per year, 2) Remove the dock and store it at a cost of approximately \$5,000 (a proposal for this option was distributed), or 3) try to sell the dock and return the money to the federal government. Mr. Kinch answered questions regarding the size and condition of the dock, its value after depreciation and potential impact of the Connelly bankruptcy. Mr. Kinch cautioned that selling the dock might hamper RIPTA in resuming ferry operations in the future.

The Committee discussed the three options and then asked Mr. Kinch to do further research into the value of the dock, storage options and the return of the funds to the federal government. Mr. Williams asked if an answer was needed immediately and Mr. Kinch said there was no urgency as long as the insurance remained in place. Mr. Williams said the Connelly bankruptcy is a concern and stressed that our dock ownership must remain separate from that issue.

Mr. Williams instructed Mr. Kinch to keep the insurance current while he does his research and Mr. Field said the issue should be discussed by the full Board at the next meeting and the gentleman attending the meeting from NE Fast Ferry should be asked to give an

opinion.

Agenda Item 3: FY 2010 – FY 2016 Capital Budget Assumptions

Lilly Picchione addressed the Committee and said the document before the Committee includes the capital budget for fiscal 2011 and the capital improvement program for FY 2012 – FY 2016. The budget is structured for State Budget office requirements and their interest is to allow the State to accurately issue bonds and RICAP funds. Ms. Picchione input project funds per year and by component such as engineering, architecture/design and construction. She said federal funds exist for most of the projects and others assume flat reauthorization, but paratransit vehicles and out year bus purchases require federal funds subject to the next reauthorization.

Ms. Picchione said the projects are shown in order of priority per a request from the State and some ARRA projects are missing because they don't meet State guidelines for submission. Ms. Picchione invited comments on the prioritizing. She said the projects are the same as in previous years except # 10 the Metropolitan Transit study which is new. Ms. Neira added that the higher priority projects near the top of the list require bonds and matching funds. Mr. Field asked about the RIPTA bond funding that the Governor had pulled from his budget and Ms. Neira said the money was put back in.

Ms. Picchione elaborated on each of the 10 capital projects

described in the document and answered questions from the Committee related to the paratransit fleet plan, the Intelligent Transportation System (ITS) project start date, training of RIPTA personal on the new ITS system, Elmwood facility boiler replacement and standard maintenance on same.

Ms. Picchione finished her remarks by discussing project # 10 the new capital project Metropolitan Providence Transit 2020 Study. She noted that the City of Providence is supplying the \$180,000 match for this project and Mr. Deller stressed the he needs RIPTA to bill the city for this by June 30th.

Agenda Item 4: FY 2012 Operating Budget Assumptions

Ms. Neira addressed the Committee to discuss the FY 2012 operating budget assumptions and she does not have too much detail at this point, but wants to begin the conversation. First she discussed certain general assumptions such as the CPI. She said the State is assuming a 2.0% CPI and she will also to remain consistent with the State. As far as service, she is assuming steady state at this time.

She said budgeting wages is difficult because we are in interest arbitration with RIPTA's largest union therefore she is leaving wages the same as 2011 which had no increases. Mr. Field agreed with this plan and Mr. Williams expressed concern about zero wages being unrealistic. Ms. Neira said she is uncomfortable with putting any

figures on paper while we are in arbitration and today's discussion is merely to begin the conversation about the FY 2012 budget and the assumptions can be changed as we move forward. Mr. Williams suggested that Ms. Neira create multiple budget scenarios, one which includes increases. Ms. Lee said she feels only a worst case scenario should be budgeted. Ms. Neira said she wants to get past June before putting figures on paper and bring the first draft of the budget to the Board in September.

A brief discussion of employee health co-pays and wage increases and progressions ensued and Mr. Field said no discussion of wage increases would be entertained.

Next Ms. Neira discussed fringe benefits and said the State created the GASB trust in 2009 and in FY 2011 they intend to begin funding it. She said at this point she has reached out to the State to ensure RIPTA is imbedded in that trust agreement and the cost to RIPTA to fund our portion. She said on an annual basis RIPTA's liability is \$5 million dollars therefore funding it at 25% would be \$1,250,000 and retirement pay as you go is about \$1,500,000. Messrs Field and Deller suggested Ms. Neira do a one page document explain the GASB trust funding.

She said the State went out to bid for health care rates and the new rate of 5.77% goes into effect in July. Mr. Williams asked if our experience factor versus the State's had ever been determined and

Ms. Neira said Susan Rodriguez was attempting to segregate RIPTA from the whole State to make that determination. A brief discussion of RIPTA obtaining its own insurance ensued and Mr. Williams said he'd like to see the data.

Mr. Field asked Ms. Neira if we have enough capital funds to meet the expected obligations and she said no. Ms. Neira said if funds are not available, projects are reviewed and prioritized. She described some projects that had to be deferred in the past. Ms. Neira then answered questions regarding ITS related operating expenses and maintenance costs and debt.

Finally she discussed revenue and said impacts such as the outcome of the public hearings relative to the fare increase, Ritecare pass reimbursement, gasoline tax subsidy, maximizing the use of preventive maintenance and federal funds. She finished by saying all universities are now participating in RIPTA's UPass program and new customers are using the new ECO pass.

Mr. Field asked for a report on the Providence Business EXPO and Mr. Kinch said RIPTA staff manned a booth and gave out 200 Riptiks and they have sent a follow-up email to all those companies who signed up.

Ms. Neira said the removal of \$3.7 million in ARRA funds is the biggest question remaining and that between ARRA and GASB # 45

we are starting the year with a \$5 million dollar deficit. This completed her report.

Agenda Item 5: Public Comment

There were no public comments.

Agenda Item 6: Old Business

No old business was discussed.

Agenda Item 7: Adjournment

There being no further business Mr. Deller made a motion to adjourn. Ms. Lee seconded the motion to adjourn and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary