

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF Monday, April 18, 2011 MEETING

Board Members Present: John Rupp, Chairperson; Thomas Deller; Jerome Williams; Stephen Durkee; Michael Lewis; Edward Field; and Rochelle Lee.

Absent: William Kennedy.

Also Present: Charles Odimgbe, Chief Executive Officer; Steven Richard (Outside Counsel); Maureen Neira; and Ellen Mandly and other members of RIPTA's staff and members of the public whose names are on the sign-in sheet.

Agenda Item 1: Vote on March 21, 2011 Meeting Minutes

Mr. Rupp asked if the Board members had an opportunity to review the minutes of the meeting held March 21, 2011. The members indicated they had and Mr. Williams recommended a word change on page 2 and Mr. Odimgbe suggested a wording change on page 3. Mr. Lewis made a motion to approve the minutes with the suggested changes and Mr. Deller seconded the motion. The minutes of the meeting held March 21, 2011 were unanimously approved as

amended.

Agenda Item 2: Election of Officers of the Board of Directors

Pursuant to § 39-18-2(e) of RIPTA's Enabling Act and Article III of RIPTA's bylaws (read by Steven Richard) the Board addressed the election of officers and opened the floor to nominations. Mr. Field nominated Thomas Deller as Board Chair and John Rupp seconded the nomination. No other nominations were received and the motion passed unanimously and Thomas Deller was elected Board Chair.

Mr. Rupp nominated Jerome Williams as Vice Chair and Mr. Field seconded the motion. No other nominations were received and the motion passed unanimously. Mr. Williams was elected Vice Chair.

Mr. Field nominated Stephen Durkee for the position of Secretary and Mr. Lewis seconded the motion. No other nominations were received and the motion passed unanimously and Mr. Durkee was elected Secretary.

Mr. Field nominated Michael Lewis as Treasurer and Mr. Durkee seconded the nomination. No other nominations were received and by a unanimous vote Mr. Lewis was elected Treasurer.

Mr. Deller assumed the role of RIPTA Board Chairman.

Agenda Item 3: Executive Session Pursuant to RIGL 42-46-5(a)(2) to Discuss Collective Bargaining and Litigation Matters

Mr. Deller made a motion to convene an executive session as noticed on the agenda under RIGL 42-46-5(a)(2) to discuss Collective Bargaining and Litigation Matters. Mr. Williams seconded the motion to convene an executive session and a roll call vote was taken. The motion to convene to executive session under RIGL 42-46-5(a)(2) passed unanimously.

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

Agenda Item 4: Chief Executive Officer's Report

Mr. Odimgbe began his report by discussing ridership which has increased slightly when compared to the same period last year by about .54%. He said that while he is encouraged by this increase, it is hardly the kind of increases we anticipate given the rising cost of gasoline and we need to continue to work toward increasing ridership which will start with determining why we are lagging at this time. He noted that we are presenting the ridership data in a new format to assist the board with identifying trends at a glance and he said he welcomes the Board's feedback regarding the new format. He asked that the Board members pay particular attention to the last two tables

in the ridership section of the revised CEO Report. He added that we need to get the paratransit numbers up and need to get Board packet information current as of 30 days whereas now we are at a 60 – 90 day lag.

Mr. Williams requested benchmark data to assist in comparing the information such as how our deadhead times match up to other agencies. Mr. Odimgbe remarked that generally deadhead time is higher in suburban environments. He said that once we become comfortable with our KPI's we will look at the industry for properties to benchmark. Mr. Durkee asked that a distinction be made between metro areas and South County. Mr. Odimgbe reiterated that this is where a Comprehensive Operational Analysis would be useful and would show us if we are at our service limits or if this is an issue of the way we deploy service. He remarked that we may get political push back about adjusting service in certain areas based on the COA, but as a manager it is his job to give the Board accurate information so they can make informed decisions.

Mr. Deller remarked that it is essential that we get information in a variety of formats to understand all the implications. He added that we need to continue to work on this and to get benchmarks and that a review of service standards needs to happen at the Strategic Planning Committee level.

Next Mr. Odimgbe discussed the KPI's which show very slight

improvements in various areas, but also indicate our on-time performance dropped by four percentage points when compared to the same time last year. He noted that by comparison Rochester, NY has an on-time performance of 90%. Mr. Odimgbe then answered questions on how the performance measures are studied and how the new ATMS system will impact our statistics.

Fare box recovery continues to show good improvements while our complaints have increase dramatically. We continue to struggle with our preventable/non-preventable accidents overall, please note that RIPTA staff has several initiatives to address the high accident/incident rates for the Authority. With the deployment of new buses, the board will begin to see tremendous improvements in road calls between miles, the number for the month of march indicate a dramatic improvement in that area.

Next Mr. Odimgbe gave a report on the presentation RIPTA staff gave to the State House Transportation Committee. He said the House fiscal agent did a tremendous job of presenting our financial position and we were able to take questions from the committee members on various issues. We are currently preparing information for the committee based on some of the questions posed by the members at that meeting. We will make sure the Board is appraised of any information we transmit to the State House.

Mr. Odimgbe discussed the FY 2012 budget which he characterized

as a moving target. He said the Board was previously presented with a budget with a deficit of approximately \$6.6 million. Since presenting that budget staff has concentrated its efforts at finding ways to minimize the impact of these deficits and later today we will be asking the Board for some approvals which will reduce our deficits by approximately \$1.7 million. He said that unfortunately our best efforts did not eliminate all of the budget deficits, but we will continue to work toward harnessing efficiencies with the hope of continuing to reduce our costs without impacting service or employment.

The CEO asked that the Board note that information is now being presented to them in a format. Finance staff is currently testing some assumptions to make sure our numbers are reflective of activities within the Authority – it is my intent to provide budget information based on department to enable us better determine which departments are under/over performing based on established department Key Performance Indicators (KPIs). We will be looking also at presenting multi-year budget for better planning and as a feeder for the Authority's Transit Development Plan (TDP) or Capital Improvement Plan (CIP).

He said he is looking at overtime very critically in an effort to reduce it through adjustments to run cuts and the way we deploy service and also reviewing staffing levels.

The CEO discussed Phase I & II of our re-engineering saying it is

basically done and later today we will ask for Board approval of both phases of the project for final implementation. He noted that the reengineering is an on-going process, and as such we will continue to seek ways to improve our processes and efficiencies, and intermittently come to the board with suggestions to help improve overall performance.

Mr. Odimgbe said our IT department has taken a frontline position with procuring new fleet management software for the Authority. This program when deployed will be critical to improving productivity within the maintenance department, as well as, assisting with tracking inventory data, fluids usage and hopefully capturing “actual” miles travelled for all revenue vehicles. Again, we do have these data available, however; our inability to convert this information into a planning tool is stifling process improvements within the Authority.

Finally Mr. Odimgbe said the new Board report format is in the testing phase and he hopes the new format will provide us the opportunity to get better information to the Board regarding projects and programs for which we are seeking approval and to give the Board explanations and justifications regarding funding. In addition this will help staff better understand what they are presenting to the Board. His goal is to make sure Board members have enough information to enable them to dispense of their duties with good credible information and allow them to ask informed questions regarding the Authority’s programs. He said he welcomes feedback relating to the new format.

Agenda Item 5: FY 2012 Budget Update

Ms. Neira addressed the Board with the FY 2012 budget. She said that the Board received the preliminary FY 2012 budget at the December 2010 Board meeting and at that time the deficit was at \$5.6 million. Subsequently at the March meeting the Board received an updated budget with an additional \$1 million dollar deficit raising the total deficit to about \$6.5 million. She said the adjustment of the deficit at that time was mainly due to diesel fuel price increases raising the budgeted price from \$2.80 to \$3.50, in addition there was an increase in passenger revenue, elimination of 2 positions and a decrease in debt service payments to the State of Rhode Island. At the end of March the deficit was at \$6.5 million.

Ms. Neira discussed two updates incorporated into the 2012 budget the first a decrease in wages and associated fringe benefits from deferred and/or eliminated positions totaling about \$1million dollars. The second modification is a reduction of about \$600,000 due to internal efficiencies which the CEO discussed earlier. These initiatives reduce the deficit by about \$1.6 million for a revised deficit of \$4.9 million.

Next Ms. Neira discussed the assumptions contained in the Board report such as no change in the gas yield until May, federal funds based on 2009 SAFETEA-LU apportionments and the fuel increase to

\$3.50 per gallon. She finished by saying the budget adjustments and assumptions now leave us with a budget deficit of \$4.9 million, down from \$5.6 million in December 2010. Charles Odimgbe added that Congress passed a bill funding the federal budget for the balance of federal FY 2011 meaning the TIGGER grant is funded.

Chairman Deller asked if there were questions and Mr. Williams asked why the healthcare figures for the 18 positions on page 3 looked the same as the figures on page 1. Ms. Neira answered that the deferral represented salary and FICA figures only and the other figures had not been changed yet.

Mr. Field asked how RIPTA will deal with the remaining \$4+ million deficit for FY 2012. Mr. Deller remarked that this is an issue for next year and then clarified with Ms. Neira that the FY 2011 deficit is now about \$300,000 to \$400,000 mainly due to rising fuel costs. He asked how this deficit amount can be covered by June 30, 2011.

Ms. Neira responded that the CEO issued a directive limiting administrative overtime and that the actuarial valuation on the pension plan due is due in two weeks and could help (although there is the possibility that it could also cause problems). She said healthcare claims are currently trending under budget and passenger revenue has risen slightly.

Ms. Neira and Mr. Odimgbe answered questions on the positions that

had been deferred and eliminated saying some were due to retirements and others elimination from the budget.

Noting that the new fiscal year begins July 1st; Mr. Williams asked if staff would be presenting the Board with potential solutions to the \$4.9 million budget deficit. Mr. Odimgbe said that the Board's approval today of the RIPTA reengineering project would allow for some marginal gains, but after that staff and the Board will have to work together to fill the remaining budget gap. Mr. Williams complimented the CEO on his budget reduction efforts thus far but said he does not like beginning the fiscal year with a deficit and he asked staff to prepare options for dealing with it. Mr. Odimgbe said he is loathe to use the words 'service cuts' however they will be inevitable if we are unable to identify cost cutting measures to cover the \$4.9 million.

Mr. Rupp also complimented Mr. Odimgbe on his handling of the finances but stressed that we need to put the State on alert as to the severity of the budget situation and the potential for service cuts or an increase in fares.

Mr. Williams supported an earlier suggestion by the CEO that the Authority implement a comprehensive review of routes and ridership and asked for a timeline. Mr. Odimgbe said the Comprehensive Operational Analysis (COA) would take about 12 months. He added that the fare at peer agencies like Rochester is \$1.25 and he does not

support the idea of a fare increase. He said that quite simply the Board and staff need to work relentlessly to streamline operations because cuts to service would be devastating. Mr. Deller remarked that a 'quick and dirty' approach to the review of routes and ridership may be needed.

Mr. Rupp remarked that until the public understands what's at risk, they won't understand the value RIPTA provides. Mr. Odimgbe responded that we work hard to give the public the most 'bang for their buck' and he and staff are not waiting around for a bailout – we are working to identify solutions.

Ms. Neira continued answering questions on the ATMS implementation and the budget for same and human services transportation costs. Following this Mr. Williams told Ms. Neira to let the Finance Committee know when she needs them to meet to work on the budget issues in more depth.

Agenda Item 6: Johnson & Wales University Agreement

Mr. Odimgbe addressed the Johnson & Wales University agreement explaining that in simple terms, we owe Johnson & Wales \$130,000 due to overcharging which occurred in the past prior to the installation of the new fareboxes. Both parties agree to the amount and the cause and have come up with the solution to enter into a Use Agreement which will allow Johnson & Wales to utilize RIPTA's

property at the corner of Narragansett Boulevard and Northup Street in Cranston for a period of 25 years at an amount of \$133,000 which is equal to the amount RIPTA owes the University. To this end staff requests that the Board approve the 25 year Use Agreement.

Mr. Field remarked that he likes the concept of the new Board report form which offers the Board a choice as indicated in the new alternatives dialog box. Ms. Lee opined at length that in her opinion this is not a good alternative solution from the University's perspective. Mark Therrien responded giving a history of RIPTA's relationship and UPass agreement with Johnson & Wales, the error in calculating the ridership levels prior to the new farebox implementation and the efforts made to develop and agree to the Use Agreement before the Board today.

Following this discussion Mr. Lewis made a motion that the Board approve the Use Agreement with Johnson & Wales University as presented. Mr. Williams seconded the motion and the agreement was unanimously approved.

Agenda Item 7: Phase II Reengineering Project

Mr. Odimgbe addressed the Board to discuss the Phase II Reengineering Project saying that staff has been engaged in the reengineering effort since December 2010 as a result of mounting and accumulating budget deficits which are threatening to impact service

delivery. He then referenced the organizational chart attached to the Board report form which streamlines the top level departments from 9 to 6 in an effort to consolidate and improve communications and processes. Mr. Odimgbe then listed the 6 new departments and described their functions. The changes put forth in the second Phase of the reengineering project will reduce the current deficit from \$1.5 million to approximately \$300,000 and the FY 2012 deficit from \$6.6 million to \$4.9 million.

Mr. Odimgbe answered questions regarding eliminated positions, the functions and staffing of the 6 new streamlined departments now know as: Marketing and Customer Relations; Planning and IT; Controller, Finance and Procurement; Employee Relations, Safety, Security, Training and Risk Management; Maintenance; and Transportation. He also answered questions about various staff members and positions in the new departments and staff training for the new departments. Mr. Therrien also answered questions about the functions and responsibilities of the IT area which now falls under him.

Mr. Deller said the important issue today is the elimination of the 18 positions and more discussion will be held on the reengineering down the road and Mr. Odimgbe interjected that he would also be happy to talk with Board members one on one if they had further questions going forward. Mr. Deller then asked for a motion on the RIPTA Reengineering Phase I & Phase II before the Board today and

specifically the 18 eliminated positions. Mr. Lewis made a motion to approve the RIPTA Reengineering Phase I & Phase II as presented. Mr. Deller seconded the motion and it passed unanimously.

Agenda Item 8: Public Comment

Mr. Deller asked for public comment and recognized Stephen Farrell President of the Amalgamated Transit Union. Mr. Farrell congratulated Mr. Deller on his appointment as Board Chairman then asked if the Phase I & II if the Reengineering project was approved. Mr. Deller said the original proposal was approved. Mr. Farrell asked that public comment be solicited prior to final approval. Mr. Deller suggested that in the future public comment take place at the start of the meeting so the Board can consider public opinion prior to considering issues. Mr. Odimgbe clarified that today's action by the Board did authorize the elimination of 18 positions.

Mr. Farrell remarked on the on-time bus performance discussed earlier in the meeting and asked that the Board and be mindful of the harsh weather conditions in RI this past winter. He also asked that RIPTA be compared with other peer properties in addition to Rochester, NY.

Next Mr. Deller recognized Anna Liebenow who referenced an earlier discussion regarding riders on fixed route versus paratransit. Ms. Liebenow reminded those present that the two services are very

different and this needs to be acknowledged. Mr. Deller agreed with her remarks.

There was no further public comment.

Agenda Item 7: Adjournment

Prior to adjournment Mr. Deller said that next month he would raise the issue of Board subcommittee assignments.

Mr. Williams made a motion to adjourn the meeting. Mr. Durkee seconded the motion and it was unanimously approved and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary