

RHODE ISLAND PUBLIC TRANSIT AUTHORITY
BOARD OF DIRECTORS
MINUTES OF Monday, March 18, 2013 MEETING

Board Members Present: Mayor Scott Avedisian, Chairperson; Michael Lewis; Stephen Durkee; Maureen Martin, Anna Liebenow; and Margaret Holland McDuff.

Absent: Jerome Williams

Also Present: Raymond Studley, Interim Chief Executive Officer; Clare Sedlock, RIPTA Resource Team; Todd Gleason, Outside Counsel; Marie DiToro; and other members of RIPTA's staff and the Resource Team and members of the public whose names are on the sign-in sheet.

Agenda Item 1: Vote on October 23, 2012 Meeting Minutes

Mayor Avedisian called the meeting to order at 1:30 p.m. Mayor Avedisian mentioned that Mr. Williams will not be able to join us today and that Maureen Martin should be arriving shortly. He thanked Mr. Raymond Studley, the Resource Team and all of RIPTA employees for the exceptional way everyone handled the situation that occurred a few weeks ago. He then welcomed the newly appointed board member Mr. Peter Ginaitt whom is awaiting the Senate Confirmation. Mayor Avedisian then asked if the Board members had an opportunity to review the minutes of the meeting held on December 17, 2012. Clare Sedlock intervened at this time to advise the Board that the minutes from the January 28, 2013 meeting have not been completed and will have to be approved at the April board meeting. The members indicated that they had reviewed the December 17, 2012 minutes and Mr. Durkee made a motion to accept the minutes as presented. Director Lewis seconded the motion. The motion to approve the minutes of the meeting as presented was unanimously approved.

Agenda Item 2: Public Comment

Mayor Avedisian recognized Paul Harrington, President of the Amalgamated Transit Union to speak. Mr. Harrington would like to thank the Board and its Authority on their conclusion of the previous CEO, Charles Odimgbe. He strongly believes that decision was done in the best interest of the agency, the 70,000 people who depend on our services and especially for the employees. Now, as for the present administration, Mr. Harrington was glad Mayor Avedisian acknowledged the performance of Mr. Studley during recent events. It was a difficult time and Mr. Studley and the crew did an exceptional job. Mr. Harrington acknowledged that in 18 years he has never seen a situation like the blizzard in February handled so well. There were open lines of communication and a plan put in place that was executed perfectly. Mr. Studley, the Resource Team and Senior Management did an exceptional job.

Mr. Harrington then addresses the COA to say originally he was somewhat opposed, but as the President of the Bus Operators, Mr Harrington speaks on his and their behalf to say they are 100% for the COA. It has identified the strengths and weaknesses. They are enthused and anxious in implementing the scenarios.

Lastly, he would like to welcome the newest Board Member, Mr. Peter Ginaitt.

Mr. Grant Dulgarian spoke next regarding RIPTA needing reliable revenue stream. He presented three ideas to achieve this goal. The first was to increase the license fee, but allow the passes to be valid longer. Provide a choice to the public to pay up front for longer passes. RIPTA can put a limit on how long a pass can be valid, but other states offer this as an option. The second, he addresses DMV and how they have hired 14 new employees. They could save money if the State of Rhode Island would allow people to renew registrations on line like other states allow. They would not need as many staff and this cost savings would be shared with RIPTA. Lastly, he thinks the State of RI should look into Enhanced Drivers' Licenses, where the license could also act as a passport to Canada or some Islands. This increased revenue would be shared with RIPTA as well.

Agenda Item 3: Stakeholder Comments:

Mayor Avedisian asked Mr. John Flaherty and Mr. Jerry Elmer from the Coalition for Transportation Choices (CTC) to speak. Mr. Elmer is seeking the board to endorse a bill that was presented 364 days ago and unanimously passed with one abstention by the board to endorse it again this year. This bill stems from the Transportation Investment and Debt Reduction Act of 2011 that the general assembly did pass. The bill created a new trust fund by increasing a number of existing fees. The proceeds of this trust fund was to be divided 50% to DOT to get them away from bonding and make them match federal highway funds, 35% to meet RIPTA's annual perennial budget deficit and move ahead with its 5 year strategic plan and lastly 15% going to municipalities. However, as the bill came to general assembly it changed to 100% to DOT to get DOT off bonding.

This new bill H 5073 adds RIPTA back in where it was supposed to be. It accelerates the phase in of License and Registration Fees and it takes the existing bi-annual automobile registration fees out of general funds and transfers them into the trust fund. To avoid too big of a hit to the general fund it does it over a period of 5 years. It allocates 35% of this Trust Fund to RIPTA and in order for RIPTA or DOT to spend the money allocated to them it must go through a check and balance that is already in place.

Mr. Elmer continues to say there are 3 major reasons he believes strongly that the board should support this bill. The first is a year ago it was unanimously endorsed by the board. Second, if I may quote Director Lewis "Transportation works best when it works together" and lastly, the Bill can replace the shrinking Gas Tax concern RIPTA currently has.

Mr. Flaherty hands out a chart comparison of provisions in the existing law and compares it to the proposed H-5073. In the second chart it shows the new revenue to RIPTA and DOT. The financial impact to RIPTA is significant.

Mr. Durkee asks will this affect the revenue we are currently receiving from the gas tax and Mr. Elmer responds that this bill will have no affect or change on allocations of Gas Tax.

Mr. Flaherty would like the board to turn to the last page of the proposed bill and notice the final provision which is the check and balance that the all expenditures must first be approved by the state planning council. He addresses that this is an important safe guard to ensure the money is spent accordingly.

Mayor Avedisian asks if there are any questions. Ms. Anna Petra Liebenow would just like to thank both Mr. Flaherty and Mr. Elmer for all their hard work and is hopeful that this bill will go through as proposed.

Director Lewis would like to thank both Mr. Flaherty and Mr. Elmer for keeping this on the front burner. He believes the board needs to act independently and maybe we should get a briefing from the budget office. This state needs to find a sustainable revenue source for transit and our other transportation systems. I would just like to caution the board to think about this in the context of the bigger system problem.

Mr. Flaherty respectfully disagrees with Director Lewis' comments and believes that the time to act is now.

Mr. Durkee comments that he is not sure if this bill is exactly the right bill or if it may need to be tweaked further, but thinks we would want to support any revenue into RIPTA. Mr. Durkee makes a motion that the board endorses H 5073 presented today and Ms. Maureen Martin, although she can appreciate Director Lewis' opinion on seeing the big picture strongly believes we need to do something and seconds the motion. Mayor Avedisian asks if there are any other questions with no comments the Motion is passed unanimously with one abstention by Director Lewis due to a conflict of interest.

Share holder, Paul Harrington, thanks the board for voting in favor of this bill.

Agenda Item 4: Chief Executive Officer's Report

Mayor Avedisian asked for the ATMS update. Mr. Paul Laflamme states the major goal of the project is vehicle installation. Unfortunately, it was put it on hold because there was a lack of consistency from vehicle to vehicle; the need for better installation documentation is needed. There is a meeting scheduled with Xerox this Wednesday to go over such matters.

Mr. Durkee asks how many months has this gone on? Mr. Laflamme responds that he hopes this will get resolved this week.

Mayor Avedisian asks if they are a direct contractor or a sub contractor. In response, Mr. Laflamme states that Xerox is a direct contractor and they are sub contracting the installation work to RO Controls and are holding them responsible for these issues. Xerox is on site during the installation.

Anna asks if this is being tested on any routes now. Mr. Laflamme said route 20 has the announcements and the switching of the signs. He commends the maintenance department because they want everything done right and consistent from vehicle to vehicle.

Mr. Laflamme addresses the bullet points from the ATMS report.

As far as new dispatch, waiting for Purchase Orders to be processed and we will start the modifications.

The remodeling of the Kennedy Plaza lobby for the installation of customer information signs has been completed.

High performance data radio network installed and doing coverage test throughout the state next week.

Fleet installs will continue and as mentioned earlier, a meeting with Xerox this Wednesday to get this going.

Director Lewis asks for a current schedule on the installations and how far off the curve are you of this schedule? Mr. Laflamme explains we are gearing up to 25 vehicles a week. Currently, we have total 12 vehicles installed.

Mayor Avedisian asks as you monitor route 20, how is that going? Mr. Laflamme said everything is going fine. We are seeing the announcements.

Director Lewis asks if they have had to overcome technical issues. Mr. Laflamme said we really need better documentation. The recent issue has been tying into the engine controls to get the status and what we have seen from vehicle to vehicle is functioning, but the location in the engine they tap into is not consistent from vehicle to vehicle. We are recommending not splicing and make everything clean and consistent.

Director Lewis asks if this is the path they are on now? Mr. Laflamme states yes. We are nit picking now, but it will pay off in the long run.

Direct Lewis calculates out 25 a week would put the entire fleet complete by the end of June. Mr. Laflamme confirms that is correct assuming no other delays occur.

Mr. Laflamme runs through the plan for the next four weeks, seen on his Status Report.

Mayor Scott, asks what will go on the signs when you test them? Mr. Laflamme explains basic information like the date or time.

Mayor Avedisian asks if there are any questions on the ATMS report and with no response asks for the ARRA update.

Mayor Avedisian asks for the ARRA update and Mr. Bill Rush approaches.

Mr. Rush acknowledges that the Solar Roof Project was on a weather delay during the winter months but has resumed last week. He does not foresee any delays and expects the completion by June 30, 2013.

Mr. Rush states the Rapid Bus reconstruction is on its way and the Ticket Vending Machine will be addressed later in the meeting. He also states that if any money is left over pending decision then a proposal would be made on how to spend that money.

Mayor Avedisian asks if there are any questions on the ARRA report and with no response asks for the update on the COA Project.

Mr. Mark Therrien and Ms. Amy Pettine have a PowerPoint presentation that they have been showing at community meetings around the state. This presentation shows two cost neutral service scenarios to consider. These are meant to be mixed and matched based off of public input. Ms. Pettine explains that they have held eight public meetings to date with two more scheduled this week in Tiverton and Pawtucket. Ms. Pettine is interested in getting the boards input today and then in early April the team would meet to conclude on one final recommendation to present.

Mr. Therrien begins the PowerPoint presentation that addresses the service scenarios which include, service design, schedule changes, branding and public information; how to provide a family of services and develop a frequent service network which will be easy for the public to use. Along with that he addresses a means to simplify service, improve transit hubs, the progress at Kennedy Plaza, Pawtucket Transit Center and Warwick Transit Center. Mr. Therrien speaks to the development of superstops, the ability to offer new and expanded services, better integration with the Commuter Rail and to make improvements on the Express Service. The idea of consolidating bus stops, discontinue poorly utilized services, consolidation of duplicate routes and schedule improvements was explained next.

Ms. Pettine speaks now on the public input and gathering of opinions, the comments posted online, customer surveys and the phone calls that come in. She is compiling all of this information into one database. There are a lot of positive feedback regarding the changes we are proposing; however there are also some that are not in support of the changes. Especially regarding routes that we are proposing to discontinue. There are three whole routes and they are 8, 49 and 90S. Ms. Petra Liebenow asks what happens next after these last two public meetings are done. Ms. Pettine explains that from now till early April there will be big work sessions and meetings to go over everything to come up with a final recommendation that will be brought to the April Board Meeting. In order to move forward on implementing anything we are required to hold public hearings because of the reallocation of funds. The board would then have to approve post public hearing results.

Ms. Petra Liebenow is seeking clarification on the distance between bus stops and Ms. Pettine explains that it is a $\frac{1}{4}$ of a mile on the R-Line, however normally it is $\frac{1}{6}$ of a mile with a little variation. Director Lewis gets further clarification on the distance someone would have to walk. Ms Pettine continues with the presentation stressing service to the many rather than the few.

Mayor Avedisian asks if there are any questions and Ms. Holland McDuff comments on the Warwick Hub and connection to the airport.

Ms. Petra Liebenow states that they are doing a lot of hard work on this and thanks both Ms. Pettine and Mr. Therrien.

A copy of this PowerPoint Presentation can be found in the permanent folder of the March 18, 2013 folder.

Mayor Avedisian asks if there are any questions on the COA Project and with no response asks for the meeting to move along to item number 5 on the Agenda.

Agenda Item 5: IFB 13-25: Ticket Vending Machine Delivery and Installation

Mayor Avedisian asks Mr. Roger Mencarini to approach and present the ticket vending machine delivery and installation. Mr. Mencarini and Mr. Greg Nordin approach. Mr. Mencarini is asking the board of directors to award a contract to Nadeau Corporation for up to five Ticket Vending Machines at the total cost of \$506,150.00. This contract also includes training for our maintenance department and an extended 5-year warranty. Mr. Mencarini acknowledged that RIPTA has had previous positive working relationship with the Nadeau Corporation.

Mr. Mencarini acknowledges Mr. Nordin as part of our Planning team and the Project Manager of the Ticket Vending Machine Delivery and Installation.

Mayor Avedisian confirms that there is a little of the City of Providence money in this as well and Mr. Mencarini confirms this is true.

Mr. Durkee asks if this cost includes installation and Mr. Mencarini answers it does. Mayor Avedisian comments that this cost is for up to five machines, delivery and assembly.

Director Lewis asks if these are indoor or outdoor units and Mr. Nordin responds that is a combination of the two. Any placed outdoors would have a cover over it. Director Lewis confirms that they are compatible indoors and outdoors. Mr. Nordin confirms Director Lewis' comment and then proceeds to state where these will go; two at Kennedy Plaza, one at Providence Station, one in downtown Pawtucket at the bus hub and one at Broad @ Thurbers.

Mayor Avedisian asks if there are any more questions with no response Mr. Durkee makes a motion to approve the award of the contract to Nadeau Corporation for five Ticket Vending Machines with delivery and installation. Ms. Holland McDuff seconded the motion and it passed unanimously.

Agenda Item 6: RFP: 13-20 Talking Automatic Teller Machine

Mr. Mike McGrane is requesting the Board of Directors to award a contract to the Big Apple Services & ATM, Inc of New York to supply, deliver, install, maintain and service an Automatic Teller Machine for the Kennedy Plaza Intermodal Transit Center. This is a five year contract. With a projected five year average monthly revenue is \$1091.00. ATM will provide service to our customers at Kennedy Plaza.

Director Lewis asks if there are provisions to add more units under this contract and Mr. McGrane states there is room for only one at this location. Mayor Avedisian asks if we could expand to other locations if we need to, but Mr. McGrane states we would have to do another solicitation.

Ms. Martin is looking for clarification on the monthly revenue. She is looking at the sheet in her packet and it is addressed that on the back the revenue is shown in points versus the front it is shown in a dollar amount.

Ms. Holland McDuff states that if we do see that baseline and we have other places we can expand to that revenue may help. Mayor Avedisian also states that it does make a more convenient way to do business.

Ms. Petra Liebenow is asking of the durability of the machine and Mr. McGrane states it is a standard ATM found in many other locations.

Mayor Avedisian asks if there are any more questions with no response Ms. Holland McDuff makes a motion to approve the award of the contract to The Big Apple Services & ATM, Inc of New York to deliver, install, maintain and service an Automatic Teller Machine for the Kennedy Plaza Intermodal Transit Center. Director Lewis seconded the motion and it passed unanimously.

Agenda Item 7: Commercial Property Coverage

Mayor Avedisian moves on to the Commercial Property Coverage and Mr. John Stanziale is requesting authority to renew a Commercial Property Insurance Policy with an effective date of March 28, 2013. The Insurance Broker Gary Primavera has obtained quotes from 4 carriers, all declined due to the class of business. We are requesting to renew with Chubb Insurance for \$157,250.

Mayor Avedisian asks if there are any questions and with no response Director Lewis moves to accept the request to renew the Commercial Property Insurance with Chubb Insurance. Mr. Durkee seconded the motion and it passed unanimously.

Agenda Item 8: Resource Team Budget Update

Mr. Studley acknowledges that the packet in front of them was presented to the House Finance on March 7, 2013 and then to the Senate on March 13, 2013. It was to let the general assembly know the major areas of concern the Resource Team has found. Mr. Studley wants to make mention that the board has been given a CEO report from both January and February because there was no Board Meeting in February.

Mr. Studley explains that RIPTA has been able to purchase number two diesel at \$3.03 a gallon verses number one diesel is at \$3.14 a gallon. Mr. Wayne Hannon and Ms. Maureen Neira are looking at the savings and trying to project for this year, but especially for the 2014 year.

Mayor Avedisian asks in just the current year what would you project this will save. Mr. Hannon responds about \$90,000.

Mr. Studley commends the maintenance department, Mr. Harwood and Mr. Dean because they realized on their own that this could be done. Currently all of the Newport facility has switched over and as we can expand the entire fleet we will see an even greater savings.

Director Lewis believes he knows the answer to this, but would like to confirm that by making this change we are not going to have any warranty issues. Mr. Studley responds the busses we are getting rid would only be able to use number one diesel however, the Cummings Engines will allow us to use the number 2 Diesel.

Mr. Studley states that going into this year we started with a \$7.8 million dollar deficit the initial budget the board approved was \$1.4 million. There have been some revenue enhancements and we have a real number of \$2.2 or \$2.3 million for 2013 and initially for 2014 it was \$17.2 million and it is now down to \$10.1 million. Of that \$10.1million, \$8 million of that is OPEB which will be addressed later. The key is, if you take the OPEB issue out the

equation which we were all aware of, the structural deficit this year is approximately \$2 million dollars. We are hoping to reduce that with more revenue.

Mr. Studley met with Mr. Therrien and Mr. Hannon and hired a consultant on the par transit side who is going through the entire system. This is where some of the revenue enhancements have been put back into the budget.

Mr. Hannon would like to state that the budget that was submitted showed a \$1.4 million deficit in 2013 and is up to \$2.3 million for 2014 and that is mainly due to the gas tax reduction and that was something that could not have been anticipated at the time.

There is \$1.5 million in additional operating expenditures that looks like we will capture those in this fiscal year that is offset by the revenue items we pulled out that Mr. Studley was talking about a few minutes ago.

Mr. Durkee asks where the operating reductions are from and Mr. Hannon responds that it is from across the board. Each division came up with expenditures they felt they could cut back on which is a credit to them, in addition to that a couple of initiatives have been implemented electronic requisitioning, all purchases go through resource team, a critical expense document created and submitted by each division with justification for those expenditures.

Director Lewis asks if any of these were deferred expenditures and Mr. Hannon responds that he wouldn't necessarily call it a deferred expenditure, but he is referring to the Debt Service. There is \$1.7 million in Debt Service in 2013. They wanted to hold off on paying it through June 30, 2013 so we would have some cash flow advantages; however what they really wanted was for Department of Administration to take that payment for at least 2013-2014 so we can ensure we do not have a cash flow problem and it doesn't add to budget deficit, it has not been approved by the general assembly yet because it is within this years' budget deliberations. The delayed payment through June has been approved by the Department of Administration but hopefully with the discussions we have had with both the House and the Senate we can get them to agree to take over that payment.

Director Lewis states that at RIDOT they have deferred expenditures on vehicle replacement in order to stay in budget, but eventually it will catch up with you. Mr. Hannon states the purchase of busses is through the revolving loan fund through 2017 with three scheduled purchases between now and then. The revolving loan fund normally re-indorses the fund, but that was a language problem in the bill. The language has been amended and made it a grant basically and that will be part of this fiscal year budget as well. It seems as though the Senate and House agree with this.

Mr. Studley expresses the other issue with the cash flow is that they did submit to legislation and spoke with elderly affairs; one portion of proceeds goes to RIPTA one to DEA, they are asking that our portion comes directly to RIPTA instead of having to wait months. Mr. Hannon said the most difficult part is making sure the paperwork is completed by state and by RIPTA on time.

Mr. Hannon asks the board members to look to page 11 of their presentation. One of the issues that will be addressed later is the OPEB costs and they have met with Angel and the Pension group and will present to the board for your approval at some point. Mr. Hannon remembers several weeks ago Mr. Williams had mentioned that a concern he had was to pay down the \$29million dollars in outstanding liability. A goal of the resource team is to stop the bleeding right now and then once that is done then they can try to find a plan to fund the remaining liability.

Mayor Avedisian states the revenue enhancements we are taking out of this year and next year's budget those are still possibilities but they are either legislation that needs to change or changes we need to make with the union,. Mr. Hannon said that is exactly right.

Director Lewis asks if there are any concerns on our ability to pay our bills and Mr. Hannon's only concern is in June if we have to pay back the Debt Services. Mayor Avedisian and Mr. Hannon confirm that money is currently in the state budget for this.

Mayor Avedisian asks the 2013 budget has already taken out the \$700,000 for the reduction of the revenue projection for the Gas Tax, correct? Both Mr. Studley and Mr. Hannon respond yes.

Mr. Durkee has a question on the operating reductions on page three it shows \$3.4 million and an additional \$1.3 million, so it is actually up to \$5 million, correct? Mr. Hannon said yes, that is correct. The \$3.5 was the savings that all the departments felt that could happen and then the \$1.3 million is based off of current trends and meeting with the divisions in RIPTA with budget projections.

Mayor Avedisian asked if any other questions and it is nice to see we are heading in the right direction and working with real budget figures we can understand. Thank you very much.

Mr. Durkee asked Mr. Hannon to get him this information for the next day. Mr. Hannon explained that what was submitted to the Budget Office was a single page for their approval with commentary. Mr. Hannon and the Resource Team are working on more details when they submit the Budget. Mr. Hannon and the Resource Team know the importance of showing the FTE's and the cost associated with that. They are looking to do that for the revised 2014-2015 budget.

Mr. Hannon did tell Mr. Durkee that he can get him a projected budget by department.

Mayor Avedisian said to have a document that shows the FTE would be beneficial for us. Mr. Hannon explains that the resource team is about 95% done with that format and will have that available for the board. Mr. Hannon will try to have that at least in Draft format for the next meeting.

Mayor Avedisian asks if there are any more questions or comments for Mr. Studley or Mr. Hannon and with no response states we will move on to Executive Session.

Agenda Item 9: **Executive Session to consider, discuss and act upon such matters as may be closed to the public pursuant to R. I. Gen. Laws 42-46-5(a)(1) [job performance of an employee], R. I. Gen. Laws 42-46-5(a)(2) [potential litigation related to security breaches] R. I. Gen. Laws 42-46-5(a)(3) [security status updated], and R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency’s operations and controls], as may be appropriate**

Mayor Avedisian asked for a motion to convene to executive session to consider, discuss and act upon such matters as may be closed to the public pursuant to R. I. Gen. Laws 42-46-5(a)(1) [job performance of an employee], R. I. Gen. Laws 42-46-5(a)(2) [potential litigation related to security breaches] R. I. Gen. Laws 42-46-5(a)(3) [security status updated], and R. I. Gen. Laws 42-46-5(a)(4) [preliminary investigative report by appointed overseer of agency’s operations and controls], as may be appropriate. Mr. Durkee reads the law to go to executive session and made the motion. Director Lewis seconded the motion and a roll call vote was taken. The motion to adjourn to executive session passed unanimously.

Mr. Durkee made a motion to go back into Open Session and Director Lewis seconded the motion and it passed unanimously.

Mr. Durkee made a motion to seal the minutes of the executive session. Director Lewis seconded the motion, and it passed unanimously.

Agenda Item 10: **Adjournment**

Mayor Scott Avedisian asked for a motion to adjourn the meeting. Mr. Durkee made the motion which was seconded by Director Lewis. The motion was unanimously approved and the meeting was adjourned.

Respectfully submitted,

Marie DiToro
Recording Secretary