

INTERURBAN TRANSIT PARTNERSHIP BOARD

AUGUST 25, 2010

ATTENDANCE

Board Members Present

Don Lawless, Chair
Charis Austin
Tim Cochran
Randy Gelderloos
Ira Hart
Lisa Haynes
George Heartwell
Jack Hoffman
Barb Holt
Tammy Hopman
Rick Root
Terry Schweitzer
Rob VerHeulen

Staff

Peter Varga, CEO
Robin Crothers
Alan Hartley
Taiwo Jaiyeoba
Meegan Joyce
Jennifer Kalczuk
Linda Medina
Brian Pouget
Liz Schelling
Conrad Venema

Board Members Absent

Rick Morris
Jim White

Others Present

Jeff Ammon, Miller Johnson
David Bulkowski, DAKC
Robert Carter, Citizen
Dan Fox, MV Transportation
Barb Hickety, Citizen
Richard Jackson, ATU Local 836
Michael Kode, ITT Technical Institute
Doug Koster, CAC
Watchdog Miller, Citizen
Sgt. Wayne Moore, GRPD/The Rapid
Rebecca Oeda, Citizen

MINUTES OF
INTERURBAN TRANSIT PARTNERSHIP BOARD
AS RECORDED ON AUGUST 25, 2010

Commencing at 4:01 p.m., Mr. Lawless called the regular meeting of the Interurban Transit Partnership Board to order.

PUBLIC HEARING-FY 2011 PROPOSED BUDGET

The public hearing on the FY 2011 Proposed Budget was opened at 4:02pm.

Watchdog Miller commented that we could use capital funds in a better way by purchasing new bus seats for the public. He believes that driver wages are excessive and that with the exception of a few we could replace all existing staff members for much less than what we are paying now. He commented on many other areas where he feels we overpay and believes all these funds could be put into providing service.

Mr. Lawless closed the public hearing on the FY 2011 Proposed Budget at 4:05pm.

PUBLIC COMMENT

Barb Hickety thanked Mr. Varga for his quick response and attention to her issue regarding Route 9. She is concerned that Route 9 cuts through Grand Valley State's campus and travels on Seward Street and believes this creates problems. Her request is to re-route Route 9 to Scribner Street. She understands that Route 9 needs to match up with Route 50 and believes that we could achieve this by putting a bus stop by the Van Andel Museum.

Rob Carter commented on a proposed route in the TMP between Comstock Park and Belmont that he feels would be an isolated route and would have more ridership if it was re-routed towards downtown. He mentioned that as a voter he is in favor of moving ahead with proposed changes to Route 9 and other high frequency routes.

Watchdog Miller commented that we should accommodate Ms. Hickety's request and re-route Route 9. This route used to come downtown and he feels that if we move it back to its original route we would capture the original ridership. He believes that Mr. Varga dictates procedures here at The Rapid and stifles competition for his job.

BOARD MEMBER APPRECIATION - Barb VanDuren

Mr. Varga will present his appreciation to Ms. VanDuren at a Wyoming City Council meeting, since she was not able to attend today's Board meeting.

1. Minutes of the June 30, 2010 Board Meeting:

A motion was made by Heartwell, supported by Holt, to approve the June 30, 2010 Board meeting minutes. Motion passed unanimously.

CONSENT AGENDA

A motion was made by VerHeulen, supported by Haynes, to approve Consent Agenda items 2-7. Motion passed unanimously.

REGULAR AGENDA

Performance Oversight Committee

8. FY 2010 Third Quarter Report Card-Fixed Route:

Mr. Schweitzer reported that the Performance Oversight Committee is reporting on the Third Quarter Fixed Route Report Card to highlight that we review productivity and efficiency of the routes on a quarterly basis and look at the standards used on a yearly basis. We received green and yellow lights on the report card and he explained that in cost effectiveness we fell short of the standards but the factor behind this was an extra pay period in the month of April. The committee still believes this is a good testimony of the performance measures.

Mr. Varga thought the committee recommended that the cost effectiveness standard be changed to a green light despite what it showed and questioned if that is correct. Mr. Schweitzer noted that he looked closer at the numbers and believes that it should have been in the red and was adjusted to yellow already.

A motion was made by Schweitzer, supported by Holt, to approve the FY 2010 Third Quarter Report Card for Fixed Route. Motion passed unanimously.

Strategic Planning Committee

9. FY 2011 Proposed Budget:

Mr. Hoffman reported that in consideration of the discussion at the budget meeting regarding the administrative wage increase staff has revised the recommended 2.75% administrative wage increase to 1% with the ability for Mr. Varga to return to the Board mid-year with a budget amendment for an additional 1%.

A motion was made by Hoffman, supported by Heartwell,, to approve the recommendation of staff to adopt the FY 2011 budget, as amended, with the revision of a 2.75% administrative wage increase reduced to a 1% increase with the understanding that the CEO, at his discretion, may bring this back to the Board in April for an amended budget to add another 1% to administrative wages.

Mayor Heartwell mentioned that the reduction to the administrative wage increase from 2.75% to 1% is not a reflection on staff's effort or competence but a reflection of uncertain times and our desire to be careful and thoughtful. He believes that in April we will know things that we do not know today in respect to state and federal budgets and what revenue streams will look like. He is supportive of this motion and is prepared for a recommendation mid-year, if appropriate.

Mayor Root believes that in these difficult times how we pass items is reflective of how we are expected to treat contract negotiations and our own staff. He explained that it has nothing to do with the quality of staff. He has reservations about a 1% increase and noted that his budgets are set and they do not include increases. We have to be careful in uncertain times and evaluate if 1% is appropriate.

Mr. Schweitzer noted that one of the revenue streams that we will be looking at would be property taxes which should become evident by the mid-year mark.

Mr. Hoffman mentioned that he understands Mayor Root's position and noted that Mr. Varga felt it was in the best interest of the organization to approve the 1% and bring back a mid-year amendment if appropriate.

Mr. Hart noted that he is supportive of a 1% to 1.5% increase but believes it should be a one-time increase and not something we revisit mid-year.

Mr. Gelderloos noted that within the last year he has taken the position in Grandville that pay increases are not warranted under any condition. The city budget is shrinking and administrative wages have been frozen. Employees are also paying a portion of health care costs. He explained that after taking that position in Grandville he would feel hypocritical supporting the FY 2011 budget with any administrative wage increase included.

Mayor Heartwell noted that there is a difference in municipal budgets and the The Rapid's budget. He explained that he is standing firm with a 10% overall concession with the workforce in Grand Rapids and does not feel he is being inconsistent by approving this modest increase for administrative employees at The Rapid. Given the overall revenue and expenditures of The Rapid, he feels it is appropriate. The Rapid is well run and managed and has proved to be financially strong and fiscally conservative. This budget is very different from his city of Grand Rapids budget.

Ms. Hopman noted that The Rapid is supported by an economy that is in double digit unemployment. She acknowledges that in the big scheme of things The Rapid is different than a municipality, however, they still use capital in their budget and depend on taxpayers to fund their system. She understands that it is different than a municipality but does not feel it should be treated differently than one because it is supported by tax dollars in a terrible economy.

Mr. Cochran believes 1% is very reasonable and that The Rapid has proven they are good stewards of this operation.

Mayor VerHeulen commented that the majority of cities are in the situation where they do not have the money to give employees an increase. He is comfortable with the 1% which he feels is modest. He noted that given the current economic times we should be watching the budget all the time and not just in relation to employee compensation.

Ms. Holt noted that this is a difficult decision and has been well thought out and discussed.

Mayor Root noted that he would be supportive of the budget with the removal of the mid-year reconsideration.

Mr. Lawless noted that at this point the budget only includes a 1% increase to be given now. There is not any guaranteed mid-year adjustment given.

Mayor Root inquired if the motion includes language to revisit the budget mid-year for this specific purpose.

Mr. Hoffman noted that the motion states that we are adopting the budget with the 1% increase with additional language in the motion recognizing that the CEO has requested to use his discretion to come back in April with a possible amendment.

Mayor Heartwell questioned if we could call for a division of the question and cast votes on the two issues that are within the one motion.

Mr. Lawless noted that we could split it into two questions but it would require an amendment to the existing motion.

Mayor VerHeulen inquired if the motion included in the packet is what we are considering for adoption. When he reads the language in the resolution he believes that it says that we adopt the budget as presented to the ITP Board and that the CEO is free to come to the Board with a budget amendment mid-year. He noted that Mr. Varga is free to do this at anytime anyway. He does not believe that the resolution is presuming that in 6 months from now if we can show an increase in property tax we are obligated to take action and increase another 1%. He believes it is asking us to understand that if the economic situation changes we may get a request for an additional increase.

Mr. Lawless noted that we are adopting the budget as presented with the exception of the 2.75% administrative increase revised to 1%.

Mayor Root noted that Mr. Varga can bring an amendment forward at anytime. He mentioned that there are two things going on. One is the administrative wage increase, and the second is a possible mid-year wage increase. If there is no commitment for a mid-year increase why do we have to have it in the language.

Mr. Lawless noted that the relevance of having the language in the resolution is to inform Board members that a mid-year amendment is possible.

Ms. Haynes explained that from her perspective it does not make a difference if the language is in the resolution since Mr. Varga can bring an amendment forward at anytime.

An amendment to the motion was made by Root, supported by VerHeulen, to change the budget into two parts. The first part is consideration of the 1% increase and the second part is the language concerning bringing back the additional 1%. Motion passed, with 12 in favor and 1 opposed (Hoffman).

A motion was made by Hoffman, supported by Austin, to approve the original resolution with the understanding that the budget presented meets the revised budget lowering the administrative wage increase from 2.75% to 1%. Motion passed, with 12 in favor and 1 opposed (Gelderloos).

Mr. Varga noted that the budget document has already been revised to reflect the 1%.

A motion was made by Hoffman, supported by Holt, to affirmatively pass a resolution recognizing the discretion of the CEO to bring back a request for an amended budget in April. Motion passed.

Yes: Austin, Cochran, Haynes, Heartwell, Hoffman, Holt, Lawless, VerHeulen
No: Hart, Hopman, Gelderloos, Root, Schweitzer

Mr. Cochran believes everyone understands the gravity of the situation. He believes that Mr. Varga would not bring a request forward unless there was validity for proposing a change. He noted that by allowing this language to come forward sends a message to staff that the Board is supportive of staff's efforts.

Ms. Haynes commented that she believes the motion Mr. Hoffman has made shows staff that Mr. Varga has gone forward for them and if there is an opportunity will move forward again for them.

Mr. Lawless commented that we have our hands full and believes this calls into focus the job we have ahead of us. He noted that this sends a signal that we are willing to listen if circumstances justify it.

10. Proposed Finance Plan for Bus Rapid Transit (BRT) Project:

Mr. Hoffman explained that staff is requesting Board authorization to approve a strategy to bridge operating funds for the BRT with the use of capital funds for 2 years pending approval of a millage renewal and to direct staff to prepare a revised finance plan and initiate a conversation with the FTA regarding this strategy.

Mr. Varga noted that the BRT is an approved project that can move into project development in the New Starts Program. The state has committed match funds for the project if federal money is made available. The environmental assessment and financial plan still need to be approved by the FTA. Upon approval of both, the FTA can award us a Project Construction Grant Agreement.

He explained that The Rapid is currently preparing a revised finance plan for the Silver Line Bus Rapid Transit project in support of our continuing efforts to secure federal Small Starts funding for the project. The revised finance plan will explore the possibility of using capital funds over a 2-year period to bridge operating funds pending a future millage renewal. Once a draft plan is prepared, staff intends to initiate discussions with the FTA regarding this strategy.

He explained that at some point the Board would have to decide how to move forward if we do not have the necessary funds to operate without using capital funds.

Mr. Lawless inquired if we pursue this strategy and proceed with a millage vote in 2011 and the vote fails how we handle already having secured grant funds. He questioned if we would have to refund grant money. Mr. Varga explained that we would not have to refund money but would have to de-obligate the grant funds.

Mr. Lawless inquired how we would move forward if we do not adopt this resolution. Mr. Varga noted that the financial plan submitted to the FTA would have to include that we are going to pass a millage at some point. He explained that the main issue would be the status of the funds that the state has committed.

Mayor VerHeulen asked Mr. Varga to clarify that this is a submission that says we have the ability to operate using capital funds and not actually making a decision to do this. He wants to say to the public that we are not ignoring your no vote by committing The Rapid to use capital funds without public support.

Mr. Varga noted that he would not recommend moving forward with a project that we do not have public support on. We had a vote that said no and we have to honor that. We must have an understanding that we have the necessary funds to operate so that we are not using preventive maintenance capital funds.

Mr. Lawless noted that it is important that we understand what we are voting on. We need to find the strategy that secures the state funding that could get us to a millage question and would keep the project moving forward by honoring our commitment to the community. He explained that physical work would not be done until we have a millage vote, however, there is a lot that can happen to move the project forward with available capital funds.

Mayor VerHeulen noted that the language in the resolution implies that we are directing Mr. Varga to initiate a conversation with FTA regarding a strategy. He just wants to make sure that the public perception is not that we are moving forward without public support.

A motion was made by Hoffman, supported by Heartwell, to approve the proposed finance plan for the bus rapid transit (BRT) project. Motion passed. Motion passed, with 12 in favor and 1 opposed (Gelderloos).

Governance Committee

11. Revised Rules of Public Comment at Meetings:

Ms. Haynes reported that the changes to public comments have been highlighted.

A motion was made by Haynes, supported by Root, to approve the revised Rules of Public Comment at Meetings. Motion passed unanimously.

12. CEO Performance Evaluation:

Mr. Lawless congratulated Mr. Varga and staff for the many accomplishments during the past year. The Governance Committee recommends a renewal of Mr. Varga's contract and an increase in his salary at the level approved for all professional administrative staff at The Rapid for the upcoming fiscal year.

A motion was made by Heartwell, supported by Holt, to approve acceptance of the Report on the FY 2010 Priorities and Work Plan and approval of the appropriate salary adjustment as amended in the FY 2011 budget for administrative staff. Motion passed unanimously.

CEO's REPORT

13. CEO Monthly Report:

Mr. Varga reported that the FY 2011 Priorities and Work Plan will be submitted by September 1, 2010. Approval of this document will be requested at the September 2010 Board Meeting.

He noted that support for transit in Michigan is growing despite the current economic conditions. In Michigan there were 17 transit-related millage questions in August and 16 of them passed. He believes there is support in our community for transit as well.

In September the West Michigan Policy Forum will meet to discuss what type of agendas they will move forward with. The draft statement from the last policy forum talked about increasing funding for maintaining new roads, bridges and public transportation which they describe as a key focus of the regional policy forum. It was stated that strong public transportation and walkable communities are critical to attracting talented workers. We are in a climate where public transportation is valued. He believes we have the ability to bring this question forward to our communities. He noted that his main focus and objective is the accomplishment of the TMP. He recommends that the Board focus on what the TMP means and how we should put it into place.

14. Rideline Update:

No discussion.

CHAIR'S REPORT

No report.

ADVISORY COMMITTEE REPORT

Doug Koster reported that the Consumer Advisory Committee (CAC) voted on two recommendations to send to the ITP Board.

The CAC unanimously approved a motion to recommend to the ITP Board that the CAC be involved in and part of the BRT process along with the consulting team for the design and placement of BRT stations and amenities.

The CAC also voted unanimously to recommend to the ITP Board that the implementation of same day paratransit service be given high priority when the Board is making decisions regarding the implementation of TMP projects.

BOARD MEMBER COMMENTS

No comments.

INFORMATION ITEMS:

There was no discussion on the following information items.

- A. Minutes of 8-11-10 Governance Committee Meeting
- B. Minutes of 8-18-10 Performance Oversight Committee Meeting
- C. Minutes of 8-18-10 Strategic Planning Committee Meeting
- D. Communications

The meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Robin Crothers, ITP Board Secretary