

INTERURBAN TRANSIT PARTNERSHIP BOARD

JUNE 29, 2011

ATTENDANCE

Board Members Present

Don Lawless, Chair
Charis Austin
Tim Cochran
Ira Hart
Jack Hoffman
Barbara Holt
Tammy Hopman
Steve Kauffman
Terry Schweitzer
Rob VerHeulen

Staff

Peter Varga, CEO
Robin Crothers
Mark Fedorowicz
Alan Hartley
Meegan Joyce
Jennifer Kalczuk
Brian Pouget
Liz Schelling
Conrad Venema

Board Members Absent

Lisa Haynes
George Heartwell
Richard Root
James White

Others Present

David Bulkowski, DAKC
Rob Carter, Passenger
Dan Fox, MV Transportation
Gopal Ji, CCIT
Ray Kisor, Collier International
Watchdog Miller, Passenger
Christine Schumaker, ATU 836

MINUTES OF
INTERURBAN TRANSIT PARTNERSHIP BOARD
AS RECORDED ON JUNE 29, 2011

Commencing at 4:00 p.m. Mr. Lawless called the regular meeting of the Interurban Transit Partnership Board to order.

PUBLIC COMMENT ON AGENDA ITEMS

Watchdog Miller commented that senior monthly passes are not affordable and that a monthly pass gives pride of ownership. He said that business owners care more about smoking customers than we care about our bus riders because they provide them with impressive smoking huts. All city bus shelters, except the airport shelter, are negligent. He noted that the Standale Meijer has a beautiful smoker's hut and a new Rapid shelter next to it that is negligent. We have more Rapid buses in Meijer than routes going downtown.

1. Minutes of the May 25 2011 Board Meeting:

A motion was made by Hopman, supported by Schweitzer, to approve the May 25, 2011 Board meeting minutes. Motion passed unanimously.

CONSENT AGENDA

A motion was made by Hoffman, supported by Kauffman, to approve Consent Agenda items 2-8. Motion passed unanimously.

REGULAR AGENDA

Performance Oversight Committee

9. April 2011 Ridership & Productivity Report:

Mr. Schweitzer reported that we have seen strong ridership this fiscal year and had a 7.9% increase in fixed route ridership in April. He noted that there was an increase in all the daily averages and this is the first report since the revised standards that we have had no routes perform below standard.

Mr. Hoffman noted that it was mentioned at the committee meeting that the increase in farebox revenue has helped offset the escalating fuel costs.

A motion was made by Schweitzer, supported by Holt, to approve the April 2011 Ridership & Productivity Report. Motion passed unanimously.

10. Construction of Rapid Kentwood Station:

Mr. Schweitzer reported that authorization is requested from the Board to authorize construction of Rapid Kentwood Station for an amount not to exceed \$600,000.

As a result of the ITP's need to create a permanent transfer station near the Woodland Mall, the ITP Board approved the purchase of property on the mall access drive in December 2009.

Progressive AE designed the new transfer station and prepared bid packages for its construction. Progressive AE developed a total of four bid packages, advertised them in the Grand Rapids Press and other construction news sites and sent them out for bid.

The first bid package for site work (demolition, grading, drainage, and concrete work) was bid by four firms with DeYoung Concrete the low responsive bidder at \$353,000. The second bid package for construction of the restroom building had three bidders, with Pride Builders the low responsive and responsible bidder at \$82,250. Bid packages 3 (plumbing/mechanical) and 4 (electrical) were not awarded at the time of the opening due to only one bid received in each category. These bid packages will be re-bid within the month. The current estimated cost of the overall project with bids received (bid packs 1 and 2) and estimated (for bid packs 3 and 4) is approximately \$566,000, with a 10% contingency included.

Mr. Lawless is pleased to be moving forward with this project and thanked staff for finding a solution.

A motion was made by Schweitzer, supported by Austin, to approve construction of Rapid Kentwood Station. Motion passed unanimously.

11. AE Services for BRT Phase II:

Mr. Schweitzer reported that staff recommends authorizing a contract amendment to an existing contract with Wilbur Smith and Associates for \$1,956,000 to perform Phase II final design and engineering work for the SilverLine bus rapid transit (BRT) line. Staff is also requesting a contingency of up to 10%, to be controlled by the ITP, if additional scope work is needed.

Last June, the Board approved a contract with Wilbur Smith and Associates in the amount of \$381,543 for the first phase of preliminary engineering on the Division Avenue BRT project. As the Board may recall, Wilbur Smith was selected as the engineering firm of record for the entire project, but could only complete Phase I pending a successful approval of the TMP millage, which would fund the BRT operating cost. With the millage having passed, The Rapid sought to immediately engage WSA to begin the second and final task of the project – the final engineering phase.

He mentioned that the project cost of the AE work is 13.2% of the construction cost. Typically we look for a 6-10% overall AE cost, however, after consulting with other transit authorities that have constructed similar BRT systems, it was determined to be a good number for this type of project.

He mentioned that federal funding for this project is anticipated to be authorized in the 2012 budget. We currently have \$328,000 available to proceed with the final engineering. We need the federal funding in order to move forward and authorize the contract amendment.

Mr. Varga explained that we can move forward once we receive the Project Construction Grant Agreement (PCGA). When we get the FONSI we have pre-award authority and can spend a percentage of the funds with reimbursement from the federal government. He is concerned about the 20% state match funding and advises the Board not to expend additional money above the \$328,000 until we have the contracts in place. Mr. Hoffman asked if there was an update regarding state match funds. Mr. Varga replied that state bond money is held in reserves. We should have a PCGA by December, however the dollar amount is still unknown.

A motion was made by Schweitzer, supported by Hoffman, to approve AE services by Wilbur Smith for Phase II of the BRT project. Motion passed unanimously.

CEO REPORT

12. CEO Monthly Report:

Mr. Varga reported that the House Transportation and Infrastructure Committee will release its draft of the reauthorization bill sometime in June. The bill is a six-year bill with as much as a 30% reduction in spending for federal transit and highway programs. The Senate will also release a proposal for the reauthorization bill which keeps program funds at current levels for two-years.

13. Report on FY 2011 Priorities & Work Plan:

Mr. Varga commented that his report on the FY 2011 Priorities and Work Plan was provided at today's meeting. Comments or input about the report can be sent to him or Mr. Lawless before the Governance Committee reviews the report. They will add any additional comments to the final draft.

Mr. Lawless mentioned that we do not have July meetings and will accept this report at the August meeting. It would be helpful to receive any comments or input before the August Governance Committee meeting.

Mr. Varga noted that while he was composing this report he noticed that we are currently moving forward with many projects that we talked about when we first created The Rapid. He mentioned the history of transit use and the growth that we have seen which has outpaced national ridership in the majority of the years since The Rapid's inception.

14. Potential Rapid Central Station Lease:

Mr. Varga noted that last Wednesday staff was contacted by our leasing agent regarding the vacant office space at Rapid Central Station. He regrets that we are presenting this information to the Board without Committee review, but the proposal came in too late to negotiate and have approved for the month's Board meeting. He mentioned that we have advertised this space for years.

Mr. Hartley noted that the proposal is to lease the entire 2nd and 3rd floor office space to ELS Educational Services. Annual revenue from the lease will be \$99,257. He explained that this is a 10-year lease term with option to terminate after 5 years and an option to extend with approval of The Rapid for another 5 years. Build-out allowance is not to exceed \$35 square foot, 10 parking spaces and a 3% annual rent increase. He apologized for the timing of this, but we did not have time to wait for the August Board meeting

Mayor VerHeulen inquired if we have agreed to the \$14.50 lease price; if not, he does not want to negotiate in an open forum. Ray Kisor with Collier International replied that we have been marketing the space at \$12.00 and he believes that \$14.50 is a good rate for The Rapid.

Mayor VerHeulen questioned if the brokerage fee is paid over time or if it is paid up front. Mr. Kisor noted that the fee is paid up front. Mayor VerHeulen noted that if ELS goes bankrupt 3 months after occupancy we are out the full brokerage fee.

Mayor VerHeulen questioned if we are able to accommodate giving up 10 parking spaces. Mr. Hartley explained that at the end of July the parking garage at Wealthy will be open and DASH Area 6 will be available creating more parking options.

Mr. Lawless questioned the urgency if the lease does not start until March 1, 2012. Mr. Kisor commented that ELS has to be operating by the beginning of the lease date.

Mr. Kauffman inquired about what happens if they terminate after 5 years. Mr. Kisor explained that we get the unamortized remainder of the tenant improvements and the brokerage fee at 8.5% which would amount to a few hundred thousand dollars. Mr. Kauffman questioned if we could have them sign a longer term. Mr. Kisor noted that at this time the 5-year term is what they want and if they do terminate they have a severe penalty to pay. He noted that they have never lost any tenants at the 5-year term. He mentioned that ELS is the largest English language teaching school in the United States and they cater heavily to students at GVSU and Aquinas and other local schools. He believes ELS has the intention to establish themselves in this market and stay here.

Mr. Lawless commented that he is familiar with this company and it is reputable. We have to rely on the judgment of staff and the broker to give us the best recommendation. The Board has to determine if we want to accept this or send the lease back for staff to negotiate.

Mr. Kauffman noted that he has a concern with the 5-year termination option and wonders if the lease does not start until March 1, 2012 what the harm would be in going back to negotiate a longer term. Mr. Hartley noted that this would be a decision the Board would have to make. Mr. Kisor noted that ELS's urgency is not only getting the school ready but marketing the school and its location.

A motion was made by Hoffman, supported by Holt, to approve and execute a contract for lease of the 2nd and 3rd floors at Rapid Central Station with ELS consistent with the attached term sheet. Motion passed unanimously.

Mayor VerHeulen commented that he will support the motion, however, it is difficult as a Board member because he does not know the industry and has to rely on staff. He mentioned that we are asked to invest a significant amount of money in unstable economic times. We have to take this on faith and it makes him uncomfortable, however, he will rely on his confidence in staff.

Mr. Hoffman agreed with Mayor VerHeulen and believes we have to put our confidence in staff. He commented that this space has been vacant for 7 years which motivates him to approve a lease.

Mr. Lawless noted that there was some very relevant information that came out of this discussion relative to the penalties, the 5-year termination and how this will net over five years. As much as he is thrilled to have this opportunity and congratulates staff and the broker on getting it, we need to have this type of detail in every summary even on walk on items. In that regard staff let us down and he asked they do better next time.

CHAIR'S REPORT

No report.

ADVISORY COMMITTEE REPORTS

No Advisory Committee reports.

BOARD MEMBER COMMENTS

No Board Member comments.

INFORMATION ITEMS:

There was no discussion on the following information items.

- A. Minutes of 6-8-11 Governance Committee Meeting
- B. Minutes of 6-22-11 Performance Oversight Committee Meeting
- C. Minutes of 6-22-11 Strategic Planning Committee Meeting
- D. Minutes of 6-23-11 External Relations Committee Meeting
- E. Communications

EXECUTIVE SESSION –LABOR NEGOTIATIONS:

A motion was made by Hoffman, supported by Hart, to close regular session and go into executive session to discuss labor negotiations. A roll call vote was taken. Motion passed unanimously. (4:55 p.m.)

Yes: Austin, Cochran, Hart, Hoffman, Holt, Hopman, Kauffman, Lawless, Schweitzer, VerHeulen

No: None

A motion was made by Holt, supported by Austin, to adjourn executive session and return to regular session. A roll call vote was taken. Motion passed unanimously. (5:37 p.m.)

Yes: Austin, Cochran, Hart, Hoffman, Holt, Hopman, Kauffman, Lawless, Schweitzer, VerHeulen,

No: None

No action was recommended in Executive Session.

The meeting was adjourned at 5:38 p.m.

Respectfully submitted,

Robin Crothers, ITP Board Secretary