MINUTES OF
INTERURBAN TRANSIT PARTNERSHIP BOARD

November 29, 2017

ATTENDANCE

Board Members Present: Charis Austin, David Bilardello, Dave Bulkowski, Gary Carey, Jack Hoffman, Barbara Holt (Chair), Mark Huizenga, Stephen Kepley, Terry Schweitzer, Paul Troost, Michael Verhulst

Board Members Absent: Rosalynn Bliss, Tim Cochran, Randy Gelderloos, Amna Seibold

Staff Present: Michael Bulthuis, Robin Crothers, Mark Fedorowicz, Nick Monoyios, Brian Pouget, Peter Varga (CEO), Conrad Verema, Mike Wieringa, Kevin Wisselink

Others Present: Al Klepadlo (MV Transportation), Asher Lockwood, Watchdog Miller, Grant Pecor (Clark Hill), Zoe Pentaleri, Chris Swank (GVSU), John Verzi

1. PUBLIC COMMENT

John Verzi inquired about a survey on the 851 Freeman property and issues with property lines. He commented that he is part of the group testing the new WAVE card and indicated that it works very well. He hopes The Rapid will release it for use by the public in January or February. There are too many buses running back-to-back and some are empty.

Watchdog Miller stated that buses are bunching up again. The supervisors are not doing their jobs to control this and maybe there aren’t enough supervisors and more need to be hired. Route 50 has empty buses. Transit should be ridable and comfortable. The seats need to be wider. School buses have better seats than The Rapid’s buses. The seats are intolerable. There is no service on holidays and very little service on Sundays. The Rapid Board is in retreat all year long and they should have a retreat on a Rapid bus. They are the worst buses he has ever experienced. He stated some of the buses are overcrowded. The Rapid should get double-decker buses. The Laker Line is a $70 million boondoggle. The Rapid has cut off the Catholic stops on the west side. There is a need for more local routes.

2. MINUTES – October 25, 2017 Board Meeting

Ms. Holt noted a correction on page 5 of the minutes, second paragraph, that stated that David Bilardello inquired about Network 180 ridership. It was not Mr. Bilardello but it was David Bulkowski who made the inquiry. This change was made to the minutes and a copy was included in the packets that were handed at the meeting.

Ms. Holt asked for any further corrections to the minutes. No further corrections were offered. The minutes were approved as amended.
3. AGENDA ITEMS

a) Laker Line Land Acquisition – 851 Freeman:

Mr. Moncyios reported that Laker Line funds have not been received yet. The Rapid has been in contact with legislators regarding a possible timeline for receipt of these funds and we are hopeful that the funds will be available within a month.

The property at 851 Freeman is for a light maintenance facility for the Laker Line buses. The cost is $350,000. The location is an adequate size, convenient in location to the Rapid Operations Center and immediately adjacent to the new CNG fueling station. We are at 90% design on the light maintenance facility project.

Mr. Moncyios stated that there were some encroachment and easement issues with the property which is owned by the City of Grand Rapids and the City of Wyoming. These issues have been resolved. Purchase of the property is contingent upon receipt of Laker Line grant funds.

Mayor Kepley asked about the encroachment issues on the property. Mr. Moncyios responded that the owners of the adjacent property had been storing equipment on a portion of the property and that matter has been resolved.

In response to a question from Mayor Kepley regarding environmental issues, Mr. Moncyios stated that all necessary environmental testing and surveying has been done. There are no outstanding issues regarding the property at 851 Freeman.

A motion was made by Huizenga, supported by Austin, to purchase the property at 851 Freeman at a cost of $350,000 from the Cities of Grand Rapids and Wyoming to construct a Laker Line BRT light maintenance and storage facility, contingent upon receipt of Laker Line grant funds.

Mr. Bulkowski noted that the parcel was appraised at $300,000. He asked why it was being sold for $350,000. Mr. Moncyios stated that the Cities of Grand Rapids and Wyoming were asking $350,000 to purchase the property. The cost was reviewed and approved by the Federal Transit Administration (FTA). He stated that staff felt the cost was appropriate since it was essential to the project to obtain this property.

Motion passed unanimously.

b) Laker Line Construction Manager Expenses:

Mr. Moncyios reported that the Board approved a contract with the Christman Company in June 2016 to be the construction manager at risk (CMAR) for the Laker Line BRT project. Staff is now requesting Board approval for Christman to proceed with development of bid packages and execute the contracts for construction of the Laker Line BRT at an amount not to exceed $44,232,000, upon receipt of the Laker Line grant funds.

At the 60% design milestone, the CMAR developed a 60% cost estimate in June 2016 at the amount of $33,935,098. The inclusion of additional construction costs anticipated through final design and additional inflationary costs based on year-of-expenditure
calculations increased the total construction budget, with contingency, to $44,232,000. Mr. Moncyios stated that the CMAR expenses will stay below budget.

In response to a question from Ms. Holt, Mr. Varga stated that any grant funds that are not used due to being under budget are required to be returned to FTA.

Mr. Carey requested a revision in the resolution for this item. He asked that instead of “upon receipt of grant funds”, it should say “upon receipt of Laker Line grant funds”.

Mayor Kepley asked about this process and the Board’s role. Mr. Monoyios stated that the intention is for the Board to approve the total expenditure and not deal with individual contracts. FTA will oversee the process and justify the costs.

Mr. Varga mentioned that The Rapid oversees the work of the CMAR throughout the process, which took place for the Silver Line as well.

In response to a question from Mayor Kepley, Mr. Monoyios indicated that there are several ways that the expenses for construction are determined to be reasonable and appropriate, including some third-party assistance we contract for this purpose.

A motion was made by Hoffman, supported by Carey, to authorize Christman to proceed with the development of bid packages and execute contracts necessary for construction of the Laker Line BRT in an amount not to exceed $44,232,000, upon receipt of Laker Line grant funds, and to amend the resolution to say “upon receipt of Laker Line grant funds” and to add a zero to the not to exceed amount in the resolution. Motion passed unanimously.

c) Laker Line Bus Procurement:

Mr. Fedorowicz explained that The Rapid is requesting approval to enter into an agreement with the New Flyer Corporation in an amount not to exceed $15,552,000 for the purchase of 16 CNG-fueled, articulated, low-floor buses. An additional contingency of 6.25% ($972,000) will be available for this project. This purchase is subject to receipt of Laker Line grant funds. These are replacement buses. They are being procured specifically to accommodate the heavy passenger volumes for the Laker Line service to Grand Valley State University in Allendale.

Extensive research was done to determine potential bidders for these buses and it was found that New Flyer was the only bus manufacturer capable of providing CNG-powered, articulated buses by our required due date. Consequently, this was a sole source procurement. Staff conducted an Independent Cost Estimate prior to receiving the proposals to determine whether the price that will be negotiated with New Flyer is fair and reasonable. CNG-powered, articulated buses cost approximately $850,000 each. We expect the cost to come in anywhere from $735,000-$850,000 once they are actually ordered.

Mr. Bilardello asked about seating capacity on the articulated buses. Mr. Fedorowicz responded that they seat up to 66, depending on the number of wheelchairs onboard.

Mayor Huzenga inquired about the engine in these buses and about the useful life of a bus. Mr. Fedorowicz stated that they have Cummins diesel engines with CNG fueling systems. The useful life of a bus is 12 years or 500,000, whichever comes first. We have been reaching 500,000 on many buses in 10.5 years.
In response to a question from Mayor Huizenga, Mr. Varga informed that Board that we can keep buses that are past their useful life in a contingency fleet but we do have to justify the number of buses in the contingency fleet. Mayor Huizenga mentioned that we can stay more flexible if we keep them to use in other services.

Mr. Bulkwowski asked about using the articulated buses on other routes. Mr. Varga stated that they are Laker Line BRT buses and will be branded as such. They will be used for the Laker Line service only. Mr. Bulkwowski noted that The Rapid loses flexibility because they are Laker Line only.

A motion was made by Schweitzer, supported by Huizenga, to award an agreement with New Flyer Corporation to purchase 16 articulated, CNG-fueled buses in an amount not to exceed $15,552,000. Motion passed unanimously.

d) Selection of Investment Advisor:

Mr. Pouget reported on a staff recommendation for a five-year contract with AndCo Consulting in the amount of $150,000 ($30,000 annually) for providing investment advisor services. The anticipation is to improve overall long-term investment results.

An RFP was issued to obtain proposals for investment advisor services. Four bid packages were sent out to AndCo, Abakan Financial, Huntington Bank and Raymond James. Huntington Bank and Raymond James could not provide all of the services requested in the RFP. Proposals were received from AndCo and Abakan Financial. Based on the scores, AndCo was the best overall firm and the least expensive at $150,000 for five years compared to Abakan Financial at nearly $500,000. Mr. Pouget mentioned that the consultant we used to assist with the RFP process had a very high opinion of AndCo and we have received other very good references on this firm including the City of Kentwood.

We will be receiving assistance with money managers and work with staff and the Board regarding investment management. They will work with us on investment policy, asset allocation, screening money managers and bring recommendations on where to invest. They will work to continually educate staff to do the best job possible with investments.

Mayor Huizenga asked about The Rapid’s current investment policy strategy. Mr. Pouget responded that we have one but he has only recently started working on investment issues and is not familiar with the policy. We have used a conservative strategy. He noted that Act 196 has some restrictions on investing.

Mayor Huizenga suggested that a new investment policy come to the Board. Mr. Pouget commented that AndCo would help us develop a new investment policy for Board approval prior to making any changes in our investment strategy. He noted that fiduciary is one of the Board’s key responsibilities.

Ms. Holt asked that staff provide the Board with the current investment policy.

Mayor Kepley asked who is the fiduciary group responsible for investments – the Rapid Board or the pension board. Mr. Pouget responded that the Rapid Board is responsible to approve the contract for investment services. After a policy is approved, he believed the Rapid Board would supersede the pension board. The pension board is set up by
the pension plan, however, both defined benefit plans will soon be frozen. The members of the current pension board do not have the investment experience that would be needed.

Mayor Kepley stated that the City of Kentwood has worked with AndCo they are an excellent company.

Mr. Carey asked if The Rapid should have an approved investment policy before we hire an investment advisor. Mayor Kepley commented that AndCo will assist with that and train and educate staff and the Board.

In response to a question from Mr. Carey, Mr. Fedorowicz stated that our consultant assisted in creating the RFP and with the bid list. We also advertised on our website and got no responses.

A motion was made by Kepley, supported by Bilardello, to approve a five-year contract with AndCo Consulting for investment advisor services at a cost of $150,000. Motion passed unanimously.

e) 2018 Meeting Schedule:

Ms. Holt reported that the 2018 meeting schedule was developed based on the recent governance study conducted by Jeff Schilling. She noted that meetings can be added or changed as needed.

A motion was made by Hoffman, supported by Carey, to approve the 2018 meeting schedule.

In response to a question from Mr. Schweitzer, Mr. Varga stated that a special meeting can be scheduled if necessary. The meeting schedule in the governance study was created based on The Rapid’s normal schedule for approving major items throughout the year.

Mayor Huizenga asked why Board meetings were scheduled in the Board Room in the Ellsworth Building instead of the Conference Room at Rapid Central Station. He felt that the Conference Room was more appropriate. Ms. Holt stated that Board meetings have typically been held in the Board Room in the Ellsworth Building. Once larger crowds were expected during the time when the union contract was being negotiated we moved to the conference room at Rapid Central Station. She felt the smaller room was a preference for her. Mayor Huizenga commented that the conference room is more flexible.

Mayor Kepley indicated that if Board meetings are going to be held in the conference room at Central Station, it needs a better sound system. Staff will look into this.

Motion passed unanimously.

4. STAFF REPORTS

a) Monthly Financials – September 2017:

Mr. Pouget reported that the September statements are preliminary year-end numbers. The auditors have begun their work and the numbers will change somewhat once they
have completed the audit. The FY 2017 audit will come to the Board in January 2018 for approval.

Mr. Pouget noted that there was a modest surplus of $386,000 as of 9-30-17. No preventive maintenance funds were used to balance the budget. We had a positive year. He commented that our FY 2017 grant funds were not received until September 2017, consequently the grant revenues and expenditures were down 52% for the year. We also anticipated the Laker Line grant funds to be received in late FY 2017.

In response to a question from Mr. Bulkowski, Mr. Pouget stated that wage increases for the union employees are in the FY 2018 budget. He informed the Board that the amount of overtime has been excessive due to a large turnover, due in large part to the union contract issues. Maintenance technicians are down due to the same issue. We continue to recruit new drivers and technicians.

Mayor Kepley asked if the $386,000 surplus will go into the fund balance. Mr. Pouget stated that it does not go into a fund balance. Mr. Varga noted that the Board could put it into a reserve.

Mr. Bulkowski inquired if the surplus could be spent on service or do we have to spend it on liabilities.

Mr. Varga responded that Board should make sure it is spent in a sustainable and responsible manner depending on need. The Board could decide to spend it on liabilities such as the pensions. These are Board decisions.

Mr. Varga stated that he does not recommend the use of capital for operating and believes we should be making plans to get away from using capital funds for operating purposes.

Mayor Kepley mentioned that this will be discussed at the Board Retreat.

In response to a question from Ms. Holt, Mr. Varga commented that a decision on whether to use capital for operating would come during the budget process.

b) September 2017 Ridership & Productivity Report:

Mr. Wisselink reviewed the September 2017 Ridership & Productivity report. There was one less weekday in September 2017 resulting in a larger overall ridership decrease for the month. The year ridership total for FY 2017 is 10,972,730, which is down 4.1% from FY 2016. Total monthly ridership was down 7.3% compared to September 2016.

In response to a question from Mr. Bulkowski, Mr. Wisselink stated that we sell approximately 1,000 31-day passes per month.

c) September 2017 Paratransit Ridership Report:

Mr. Pouget reported on the September 2017 Paratransit Ridership report. Total monthly paratransit ridership for September 2017 decreased 4.5% from September 2016. ADA ridership decreased 2.4%, NDS increased 52.1% and PASS decreased 23.5%. Network 180 decreased 11.0%.
Ridership in Cascade Township continues to increase at 779 trips compared to 637 trips in September 2016. Average on-time performance was 93.89% compared to 95.30% last year. On-time drop-off performance for September 2017 was 93.94% compared to 92.53% a year ago.

d) FY 2017 Fourth Quarter and Annual Fixed Route Report Cards:

Mr. Wisselink reviewed the report cards. For the fourth quarter, ridership was down slightly compared to the fourth quarter of FY 2016. Similar trends are continuing. Fixed route ridership decreased 4.9% compared to the fourth quarter last year. Contracted ridership was down about 35,000 trips. Total service had a 5.2% decrease in ridership. Preventable accidents improved significantly from last year and had a green light. Customer service had a red light due to an increase in complaints. On-time performance had a yellow light at 82.1% compared to the standard of 83.0%. Cost per passenger was lower than last year with a green light and passengers per revenue mile was below the standard and had a red light.

The annual report card had a 3.3% decrease in fixed route ridership compared to FY 2016. Cost per passenger was down $0.07 compared the standard of $3.54. Passengers per revenue mile was 0.80 below the standard of 1.80. Contracted rides was down 192,727 rides compared to FY 2016. There was a 4.1% decrease in total service ridership. Preventable accidents were below the standard and down from last year. Customer service complaints were above the standard. On-time performance for FY 2017 was 83.9% which is above the standard. Cost per passenger was below the standard and passengers per revenue mile was slightly below the standard.

e) FY 2017 Fourth Quarter and Annual Paratransit Report Cards:

Mr. Pouget reported that for the fourth quarter paratransit ridership decreased by 1.91% compared to the fourth quarter of FY 2016. Preventable accidents were 1.25 which is above the standard of 1.0 preventable accidents per 100,000 revenue miles. Customer service complaints were down from the fourth quarter last year. Travel time was equal to the standard at 30 minutes. Passengers per hour was slightly below the standard. On-time performance was good at 95.01% which is just over the standard of 95.0%. On-time appointment drop-off was also good at 95.69% compared to the standard of 95.0%. The cost per paratransit trip was up by 3.39% compared to the fourth quarter last year. The ratio to fixed route bus was slightly below the standard of 30 at 29.

The annual report card showed a 1.03% decrease in paratransit ridership compared to FY 2016. Preventable accidents were below the standard which was an improvement compared to last year. Customer service complaints were down. Passengers per hour were slightly under the standard. Travel time was equal to the standard and improved from last year. On-time performance was 95.85% compared to the standard of 95.0%. On-time appointment drop-off was just below the standard of 95.0% at 94.97%. Cost per trip increased 3.16% and ratio to fixed route was at the standard of 30.

Mr. Schweitzer inquired about the improvement in preventable accidents. Mr. Pouget responded that MV has had a new trainer for paratransit drivers over the last couple years which is working well. Drivers are being trained to make better decisions while they are on the road.
f) FY 2017 Fourth Quarter and Annual Rideshare Reports:

Mr. Bulthuis stated that the trend for vanpools has changed and the numbers have decreased over this past year. At the end of the fourth quarter, we had 24 vanpools (-11.1%), and 300,320 vehicle miles saved (-18.8%). The Greenride program had 155 new accounts in the fourth quarter, increasing the database by 4.8%. There was a purge of inactive accounts made in June/July. West Michigan Rideshare developed new outreach materials to help build awareness of the program. The Rapid produced a new brochure on carpooling and vanpooling which is handed out at various events.

For the annual report card, there were approximately 40,000 rides for the RapidVan vanpool program and a savings 1.3 million vehicle miles traveled in FY 2017. The year ended with 24 vanpools in place and 123 riders. Mr. Bulthuis noted that vanpool users are choice riders and are impacted by lower gas prices. For FY 2017, there were 943 new accounts on the West Michigan Rideshare carpool matching website. The majority of these were from Active Commute Week that took place in June.

Ms. Holt asked about media coverage for Active Commute Week. Mr. Bulthuis stated that MLive and MiBiz provided coverage.

Mr. Varga announced that Mr. Bulthuis had been promoted to Manager of Marketing and Communications at The Rapid.

g) October 2017 Balanced Scorecard:

Mr. Venema reported that the October balanced scorecard remains consistent with the previous month with a few exceptions. There were five lost service hours for the month of October, the system on-time performance was 80% which meets the target of 80%, and actual ridership is above target.

Mr. Venema stated that he will continue to evaluate these measures for possible improvement.

Ms. Holt asked about lost service hours. Mr. Venema responded that it entails things like buses braking down or a bus doesn’t pull out for some reason. Lost service hours happen when something goes wrong so we want to minimize those.

Mr. Varga commented that he gets a report each time there are lost service hours.

Mr. Bukowski noted that the information in the balanced scorecard does not line up with the ridership and productivity reports for fixed route and paratransit services that are provided to the Board monthly.

Mr. Venema stated that the balanced scorecard is a Board tool and it can be revised to make it more useful.

Mr. Bukowski suggested that safety be added as a metric. Mr. Venema stated that he will look at safety. He felt there are other options that can be looked at.

Mr. Hoffman mentioned that it would be valuable to get staff input on the balanced scorecard metrics.
Mayor Huizenga commented that the Board should discuss options. The metrics should tell the Board whether The Rapid is doing well or not.

5. CEO’S REPORT

Mr. Varga stated that he was a bus operator for six years. During that time he had one accident for which he was not at fault. His objective was to always get people where they were going safely, and they might not be on time if safety is an issue.

Mr. Varga reported that he has communicated with Representative Huizenga’s and Senator Peters’ offices about when we will receive the Laker Line grant funds. Mayor Huizenga has also worked with Representative Huizenga regarding the Laker Line funding. Through these efforts we have been told we can expect the grant soon, hopefully in December 2017.

There are four candidates for the Deputy CEO of Finance and Administration position. Second interviews will start this week. Mr. Varga stated that we are hoping for someone to start in January 2018.

Mr. Varga informed the Board that APTA has hired Paul Skoutelas as their new CEO. He has many years of experience in transit and a great deal of respect as a transit CEO and in the consulting business.

The Canvassers Report for the November 7, 2017 millage election is available. Mr. Varga commented that he will send it to any Board member who wants to see it. He thanked everyone who helped in the election effort.

Mayor Huizenga mentioned that the mayors held a meeting a couple weeks ago and talked about the idea of Hudsonville harnessing the rail. Realistically to try to put the assets of rail in a very short run is cost prohibitive. He likes the idea of connecting people to Grand Rapids. How do we work with other areas to get into Grand Rapids. As our community grows and expands, the idea of rail would be insurmountable, but bus service would be a more reasonable and natural extension.

Mr. Varga commented that he helped to facilitate the meeting the city wanted to determine constraints, which included MDOT. More frequent rail in a corridor cannot be supported at this time. We have to remain flexible about how to move people through the corridor. They will keep looking at this issue. MDOT is not committed to increasing rail service on the Pere Marquette line. There is room for smaller buses for these types of demands in the future. He noted there are constraints that are difficult to manage.

Ms. Holt noted these are topics for the retreat or the planning meeting.

6. CHAIR’S REPORT

Ms. Holt noted that the Board Retreat has been scheduled for Monday, January 22, 2018. There will be a presentation on the compensation study at the retreat.

The CEO Search Committee has done the final interviews with search firms. They hope to have a decision soon on which firm will do the search. This will come to the December Board meeting. They are targeting April 2018 to have a decision on a new CEO.
7. ADVISORY COMMITTEE REPORT(S)
   a) Consumer Advisory Committee – no report.

8. CLOSED SESSION – Collective Bargaining

   A motion was made by Hoffman, supported by Bulkowski, to go into Closed Session to discuss collective bargaining matters. A roll call vote was taken. Motion passed unanimously (5:42 p.m.).

   Yes: Austin, Bilardello, Bulkowski, Carey, Hoffman, Holl, Huizenga, Kepley, Schweitzer, Troost, Verhulst
   No: None

   A motion was made by Kepley, supported by Hoffman, to adjourn Closed Session and return to Regular Session. Motion passed unanimously (6:31 p.m.).

   Yes: Austin, Bilardello, Bulkowski, Carey, Hoffman, Holt, Huizenga, Kepley, Schweitzer, Verhulst
   No: None

   (Mr. Troost left the meeting at 6:17 p.m.).

   There was no action required coming out of the Closed Session.

   The meeting was adjourned at 6:32 p.m.

Respectfully submitted,

Robin Crothers, Board Secretary