MINUTES OF
INTERURBAN TRANSIT PARTNERSHIP BOARD

March 28, 2018

ATTENDANCE

Board Members Present: Charis Austin, David Bilardello, Rosalyn Bliss, Gary Carey, Tracie Coffman, Randy Gelderloos, Andy Guy, Jack Hoffman, Mark Huizenga, Stephen Kepley (Chair), Robert Postema, Terry Schweitzer, Amna Seibold, Paul Troost, Michael Verhulst

Board Members Absent: None

Staff Present: Kathy Anderson, Michael Bulthuis, Steve Clapp, Robin Crothers, Judy DeVries-Eppenga, Nancy Groendal, Meegan Joyce, Deron Kippen, Linda Medina, Nick Monoyios, Brian Pouget, Liz Schelling, Steve Schipper, Peter Varga (CEO), Conrad Venema, Scott Walsh, Mike Wieringa, Kevin Wisselinck

Others Present: Derron Hughes (ATU Local 836), Laurel Joseph (GVMC), John LaFramboise (BDO Seidman), Asher Lockwood (Rapid intern), Watchdog Miller, Jane Saurman, Chris Swank (GVSU), Chris Veenstra (Watkins Ross)

Board Chair Stephen Kepley called the meeting to order at 4:00 p.m.

1. PUBLIC COMMENT

Watchdog Miller stated that The Rapid has not had a Grand Rapids resident or woman as CEO. He would vouch for Kara Woods who works at Grand Rapids City Hall as the Rapid CEO. She is very enthusiastic about transit. Mr. Miller stated he would not accept any pay for being CEO. His program would be to consolidate the Routes 13 and 16 into a small veterans’ route. Besides the 13 and 16 he would put all veterans’ facilities on the same route. He would call that Route 36. He suggested changes to the two Leonard routes and Route 14. These changes would be implemented at the same time as the driver picks. There are three driver picks per year. He suggested changes to Routes 1 and 4. He suggested Board members look at his report card on Rapid fare hikes of 5-14-15. He is expecting equal time as any out of town applicant.

2. MINUTES – January 24, 2018 Board Meeting

Mayor Kepley asked for corrections to the minutes. None were offered. The minutes of the January 24, 2018 Board meeting stand approved as written.
3. AGENDA ITEMS

a) FY 2017 Audit Report:

Scott Walsh introduced John LaFramboise from BDO Seidman and Chris Veenstra from Watkins Ross. Mr. Walsh expressed his appreciation to both firms for their hard work and cooperation.

Mr. Walsh gave highlights from the Audit Wrap-Up. One adjusting entry was proposed by the auditors which was made, along with other small adjustments. None of these adjustments were material.

A significant deficiency was noted by the auditors related to lack of cross-training and access to information which caused delays in The Rapid’s NTD filing as well as significant delays in the preparation of the financial statements and responses to audit requests.

Mayor Kepley mentioned that the ITP’s audit is called a “Single Audit” and asked that it be changed to “Single Audit and Financial Statements”. Mr. LaFramboise responded that the title can be changed.

Mr. Walsh reported that the auditors gave an unqualified opinion and noted that we had a good year financially.

Mr. Walsh and Mr. LaFramboise answered questions from the Board regarding the audit.

Chris Veenstra provided information and answered questions on the union and administrative pension plans. He explained the difference between the financial statements and the actuary reports related to pension liability.

Mayor Huizenga asked Mr. Veenstra if he was correct in saying that that the Board is moving in the right direction regarding paying down the pension liabilities and if we need to be more aggressive on pension contributions it would be on the non-union plan. Mr. Veenstra concurred with this assessment noting that additional contributions may be needed for the non-union plan as it relates to future lump sum payouts.

Mr. Varga noted that there is $300,000 in the budget that could be allocated to this purpose.

Mayor Seibold asked about progress on hiring a Deputy CEO of Finance & Administration. Mr. Varga stated that this is still in process. We have interviewed a few candidates but have not found the right one yet. Mayor Seibold noted that this is an important position.

Mr. Varga mentioned that cross-training will help keep the audit process on track and getting a Deputy CEO/CFO onboard will provide important oversight.

A motion was made by Bliss, supported by Huizenga, to receive and file the FY 2017 Audit Report. Motion passed unanimously.
b) **Consumer Advisory Committee Appointments:**

Ms. Joyce reported that the Consumer Advisory Committee recommended the appointments of Dr. G. Thomas Behler and Kristen Kelling for 2-year terms that expire on December 31, 2019.

A motion was made by Austin, supported by Verhulst, to approve the appointments of Dr. G. Thomas Behler and Kristen Kelling to the Consumer Advisory Committee for 2-year terms through December 31, 2019. Motion passed unanimously.

c) **Certification of 2018 Public Transportation Millage Levy:**

Mr. Varga stated that The Rapid passed a 12-year renewal millage in November 2017 in the amount of 1.47 mills. Each year the Board needs to certify the collection of the tax in each of the six cities on the July tax bills.

A motion was made by Seibold, supported by Bliss, to authorize collection of 1.47 mills in the cities of East Grand Rapids, Grand Rapids, Grandville, Kentwood, Walker and Wyoming on the July 2018 tax bills. Motion passed with 14 in favor and 1 abstention (Coffman).

d) **Bus Stop Bench Procurement:**

Mr. Venema requested Board authorization to award a contract to Conceptual Site Furnishings for 25 bus stop benches with an option for 125 additional benches (150 total) over a five-year period for a total cost not to exceed $260,100, which includes an option for installation of $75 per bench.

Mr. Venema stated that this contract is for needed replacements and for additional locations. A Request for Proposals was developed and sent out and an evaluation team was appointed. These are the same benches that we currently have in our system.

Mr. Guy asked about priority areas for the benches. Mr. Venema commented that the 25 benches are not tied to any particular locations. They will be used as needed.

A motion was made by Hoffman, supported by Guy, to authorize contract award to Conceptual Site Furnishings for 25 bus stop benches with an option for 125 additional benches (150 total) over a five-year period at a unit cost of $1,734 including an option for installation at $75 per bench for a total cost not to exceed $260,100. Motion passed unanimously.

e) **Governance Restructure Recommendations:**

Mayor Kepley noted that the governance restructure was discussed at the Board Retreat in January 2018. At the Retreat, an ad hoc committee was formed to develop a Board committee structure.

Mayor Kepley stated that the Governance Restructure Committee recommended a Future Planning & Innovation Committee, a Present Performance & Services Committee, and a Finance Committee. The committees would have five members each, except the Finance Committee would have three members. The Board Chair or Vice-Chair could be called upon to make a quorum at any of these committee meetings. The
responsibilities for each of these committees were developed and recommended. Committee meetings will start after Labor Day allowing input from the new CEO.

Other recommendations include continued Committee of the Whole format for the full Board until implementation of the three committees. Dates and times for the new committees will be scheduled after committee members have been selected. Ad hoc committees will continue to be used as necessary including creation of the CEO Search Committee. The balanced scorecard will need to be clarified and finalized.

Mayor Sebold asked how often the standing committees will meet. Mayor Kepley responded that the meeting schedule still needs to be determined.

Mayor Huizenga suggested an amendment on page 4 of the longer version of the CEO job description under the experience section to say "... successful candidate is preferred to have a minimum of 10 years..." instead of "will" have.

A motion was made by Hoffman, supported by Bliss, to adopt the governance restructure as recommended by the Board’s Governance Restructure Committee, to approve the amendment to the job description, and to approve creation of a CEO Search Committee. Motion passed unanimously.

f) Adoption of Compensation Study Recommendations:

Mr. Pouget asked that the Board adopt the recommendations of the Compensation Study conducted by Gallagher Benefit Services, as modified by the Compensation Study Committee, for Rapid administrative staff.

He noted that the salary structure was modified from the study recommendation to include a minimum, midpoint, and maximum. The compensation philosophy also needs to be adopted which includes annual salary structure adjustments along with additional increases based on employee performance and budgetary constraints.

There were 25 administrative employees that were being paid below the range minimum for their position. These employees have been moved at least to the minimum salary. These salary changes were budgeted in the FY 2018 budget.

A motion was made by Postema, supported by Hoffman, to adopt the salary structure and compensation philosophy as outlined in the report from Gallagher Benefit Services and as modified and recommended by the Compensation Study Committee. Motion passed unanimously.

g) Laker Line BRT Update:

Mr. Monoyios gave an update on the status of the Laker Line BRT project. The Rapid has received notification of the Laker Line grant execution. We are at the 90% milestone for design for the alignment and for the facility. We should achieve 100% in May 2018. The project construction manager at risk (CMAR), The Christman Company, will then refine the scope, cost, and schedule in concert with the final design.

He noted there are four remaining contracts required to proceed with construction, which will come to the Board for approval: fare collection equipment (ticket vending machines, validators, etc.), real-time arrival signage for platform installation, materials testing consultants and traffic signal priority.
4. PRE-BUDGET DISCUSSION

Mr. Varga stated that this early in the process there are certain issues that can be determined.

- We are anticipating an addition of 2.25 FTEs based on preliminary requests from staff.
- The budget will include $315,602 from the Stabilization Act, which is much less than we received this year.
- The pension liability for the union plan is expected to be $350,000-$400,000 annually for ten years. Working with our advisor from Watkins Ross we will determine the high end contribution. The liability for the administrative pension is $814,544 and the union pension is $3,781,098.
- The FY 2019 budget will be based on current service levels, except for a potential change in Route 19.
- We will not request any preventive maintenance funds since we already have grants totaling $2,103,740.
- State operating assistance is 32.78% and represents $14,391,236 in the FY 2018 budget.
- Property tax is estimated at $15.5 million.
- We will budget for a reduction of 1% in passenger revenues.
- The compensation philosophy will be carried out and budgeted accordingly.

Mayor Kepley stated that we should pay more on the pension liability if possible using preventive maintenance. He feels we should be aggressive in this effort. Mr. Varga commented that we can make a determination at some point if we can pay more than the anticipated amount.

Mr. Guy suggested that we use creative thinking for the next budget year regarding increasing ridership and service solutions for the near term. Mayor Kepley reminded the Board that decreased ridership is a national issue.

Mr. Varga noted that the Align Study will provide some potential service improvements. There are also several potential service improvements in the short range plan. The FY 2019 Unified Planning Work Program will include money for a Comprehensive Operational Analysis.

In response to a question from Mr. Schweitzer, Mr. Varga stated that we are in the process of moving forward with review of our investments. Mayor Kepley is working with the consultant and staff on this process.

5. STAFF REPORTS

a) Monthly Financials – December 2017 & January 2018:

Mr. Walsh reported that as of the end of January 2018 we have nearly $100,000 in surplus. The budget looks good for the first four months of the fiscal year.

b) Ridership & Productivity – December 2017 & January 2018:

Mr. Wisselinck stated that ridership decreased 10.2% in December 2017, partially due to having two less weekdays of service in December 2017. The average weekday ridership decreased by 6.6%. Silver Line ridership continues to increase. January 2018 ridership decreased 5.2%.
Mayor Seibold commented that we need to concentrate on improving ridership.

c) Paratransit - Ridership – December 2017 & January 2018:

Ms. Joyce reviewed paratransit ridership. Total monthly paratransit ridership for December 2017 decreased 4.4% from December 2016. January 2018 ridership increased 2.0%. On-time performance in December 2017 was 89.01% due to weather. January 2017 on-time performance was 92%.

d) FY 2018 First Quarter Fixed Route Report Card:

Mr. Wisselink reviewed the first quarter report card. Total service performance had yellow lights for ridership, preventable accidents, on-time performance and passengers per revenue mile. Customer service and cost per passenger had red lights.

In light of the increased complaints under customer service, Mayor Seibold stated that we need to know if there is a specific problem that needs to be addressed.

e) FY 2018 First Quarter Paratransit Report Card:

Ms. Joyce reported that there were green lights for preventable accidents and travel time. There were yellow lights for customer service and ratio to fixed route bus. On-time performance and on-time appointment drop-off had red lights. Weather impacted on-time performance during the first quarter. Customer service/complaints were up and were mostly about drivers. She stated she has discussed this with MV and they are addressing it.

f) FY 2018 First Quarter Rideshare Report:

Mr. Bulthuis informed the Board that the RapidVan program provided 9,592 rides and saved 320,142 vehicle miles traveled in the first quarter. Despite the decrease in the number of vanpools in operation, as well as total program participants (riders/drivers) between FY 2017 and FY 2018, the number of vehicle miles saved only decreased by .5%. There were 23 vanpools in operation at the end of the first quarter.

In the first quarter, 119 new accounts were created on the GreenRide carpool matching website. In December there was a sharp decline in the number of total users in the data base due to a purge of over 1,600 inactive users from the system.

6. CEO’S REPORT

Mr. Varga reported on his recent attendance at the APTA Legislative Conference in Washington DC.

The Omnibus bill passed and exceeded the expected amount which increased allocations for transit. For the FY 2018 apportionment, we are getting 6/12 based on FY 2017 allocations.

On the state side, the Governor recommended a $1 million increase in the Comprehensive Transportation Fund (CTF). Mr. Varga noted there is an attempt to get additional money in the CTF but he is not confident for this year.

In response to a question from Mayor Seibold, Mr. Varga stated that he sent a report to the Board explaining the impacts of additional expenditures in Southeast Michigan on state
operating assistance. Increased expenditures for transit in Southeast Michigan will impact all Michigan transit systems negatively regarding the state operating percentage. MDOT cannot hold any system harmless. They have to follow the Act 51 funding formula.

Mr. Varga offered to hold a workshop for Board members on how state funding works in Michigan.

Mr. Varga stated that he supported the governance restructure for the Board and it was the right time to do it. We have a secure 12-year millage. He believes the committee structure that was recommended will work well.

7. CHAIR'S REPORT

Mayor Kepley reported that he received notification that there is $1.5 million available in TIGER grants. Mr. Varga noted that TIGER grants are used mostly by cities but transit gets a small amount.

Mayor Kepley commented that the CEO search is underway. A consultant was hired to recruit candidates. Stakeholder comments have been received. The ad has been posted on The Rapid's website and the link has been provided to various agencies to assist in the recruitment. Mayor Kepley described the process going forward and stated that the full Board will make the final decision.

The APTA Legislative Conference was held in March 2018. Mayor Kepley noted that he attended this conference in Washington DC. He felt the conference was very good.

8. ADVISORY COMMITTEE REPORT

No report.

BOARD MEMBER COMMENTS

No comments.

9. ADJOURNMENT

The meeting was adjourned at 5:50 p.m.

Respectfully submitted,

Robin Crothers, Board Secretary