



***MASS TRANSPORTATION AUTHORITY
MINUTES OF THE MARCH 19, 2009 BOARD MEETING***

PRESENT: John Northrup, Acting Chairman, Richard Abrams, Mike Zelle, Paul Luttenbacher, Duane Miller

STAFF: Robert Foy, Suzanne Shepherd, Ed Benning, Charlene Kowalski, Lynn McLean, Jerry Ragsdale

GUEST: Peggy Jury, Kellie Goins, Plante Moran, Michael Joliat, Attorney

ABSENT: Paul Newman, Sheldon Neely, Ted Henry

Acting Chairman Northrup called the meeting to order at 8:01 A.M.

Comments of the Public None

Mass Transportation Authority's FY 2008 Audit

Mr. Abrams stated that the Finance Committee reviewed the audit in depth and moved to receive the audit.

Peggy Jury, Plante Moran stated that they conducted their audit in accordance with auditing standards generally accepted in the United States. The audit was done on a test basis. It has a three-year comparison. Schedules 1, 2, 3, 4R, 4E, 5 and 6 are all schedules that are required by the transportation department. Plante Moran also had to prepare a single audit because MTA receives over \$500,000 in Federal funding. There is a separate report that is actually the report on the Federal dollars. There is an upload that has to be done. Almost everything is going in electronically, either to the State or Federal government. This year, MTA staff must certify the electronic filing before the report is actually complete.

The three-year comparison gives the Board a good feel of where the organization has been moving. In 2008 the current assets are up from 2007. The ratio between the current assets and current liabilities has increased so MTA's current liabilities are down. That means that MTA has more working capital. The total net assets have consistently increased from \$163,000 in 2006, to a little over \$1 million in 2007 to \$1.5 million in the current year. The intent is to get those unrestricted assets up so that MTA doesn't have to use the line of credit. The restricted assets are MTA's self-insurance. Those assets vary year-to-year depending on how the liability is funded.

Operating revenue is primarily passenger fares. Once again passenger fares have been consistently increasing from almost \$3 million in 2006 to \$4.3 million in 2008. Likewise the operating expenditures, excluding depreciation, have tracked with operating revenue. One of the largest increases in expenses this year was fuel. This year after expenses there was an operating lost of over \$28 million. To offset that cost was property tax revenue, State grants and Federal grants. Total non-operating revenue was almost \$24 million. MTA's total assets for 2008 is a little over \$46 million.

Ms. Jury also stated that there is a schedule that shows State and Federal expenditures on MTA's grants. The program award is a little over \$64 million. In the current year, MTA has spent over \$19 million in grant funding for capital and operating and there is still \$10 million from these grants for future years. MTA has three years to make sure that all of the grants are obligated.

MTA does quarterly reports called OAR's. The audit must now be reconciled with those reports.

Kellie Goins, Plante Moran stated that the report to the Board of Directors is required by auditing standards. At the start of the audit the Board received a letter laying out the plan for the audit. This communication is to let the Board know that everything went according to their auditing plan. It also lets the Board know if there are any significant items that need to be brought to the Boards attention. There was not a lot to report in this letter. One significant estimate that was included in the financial statement was the liability for self-insurance claims. They have been incurred but not yet reported. This is an estimate that they received from the administrator of the actuary of the self-insurance. As part of the audit Plante Moran reviews that liability for reasonableness to make sure that what MTA reported in the financial statement fairly represents the actual liability.

There were no material journal entries this year. Plante Moran did come across a couple misstatements that were very insignificant dollar wise and they felt they did not need to be reported. A couple of items related to depreciation expense related to items that were in process at year-end were insignificant. Since MTA's depreciation is ineligible for grant funding it did not have a material entry.

There were just a couple of minor recommendations that came out of the audit. One relates to communication between the accounting department and the grants manager when the State reports are being filed. The communication has approved significantly over the years and they just recommend that the process continue.

After further discussion Mr. Abrams moved, supported by Mr. Northrup to accept and receive the Mass Transportation Authority FY 2008 Audit. Motion passed unanimously.

Minutes of the February 23, 2009 Regular Board Meeting

Minutes of the February 19, 2009 Finance Committee Meeting

Mr. Miller moved, supported by Mr. Zelle to approve the minutes of the February 23, 2009 Regular Board Meeting and the minutes of the February 19, 2009 Finance Committee Meeting. Motion passed unanimously.

General Manager's Report

Mr. Foy stated that we have been notified that MTA will receive \$7,985,000 in stimulus funding under Section 5307 of the ARRA Act. We anticipate that we will be awarded additional money from different sources. There are 36 different agencies that have money in the stimulus program and many of them have not identified yet the exact procedure that we go through for submitting grant applications. As soon as we get that information we will then start moving on other applications that we have primarily associated with the transfer of our advanced hybrid technology into the vehicles. This is about a \$10 million program. It is one that there is a great deal of interest in throughout the country. We do hope to be able to get at least \$5 million this year for making this transition.

At the State of Michigan in their February fiscal review they say they are about \$917 million short in the estimated revenue from when they put the FY 2009 budget together. Of that amount about \$578 million is from the general fund and about \$338 million from the school aid fund. There are going to have to be major cuts. In the 2010 budget there are similar kinds of problems. The proposal by the Governor is that we will continue to fund operating assistance at the same level, a little over \$166 million but the amount of money to be allocated for the 20% match will be cut in half. We will be down to something like \$5 million for the whole State of Michigan. That is going to be a very serious problem. From the Governors point of view she is still moving forward in changing the funding from the MTF from a gas tax at the retail level to a gas tax at the wholesale level. It is anticipated that the total revenue from the gas tax would then go from \$800 million up to \$1.3 billion. The Governor is very much aware of the challenges, even with the stimulus package in terms of transportation funding and particularly for the long term.

Acting Chairman Northrup ruled that the General Manager's Report be received and filed.

February, 2009 Income/Expense Statement

Jerry Ragsdale, MTA Assistant General Manager-Administration stated that in passenger fares there were less days in the month of February plus vacation days in peak service so fares were below projection by almost \$25,000. Year-to-date fares are down a little over \$23,000. Dedicated tax is coming in ahead of projection by a little over \$2 million. In State grants we expect to receive additional funds for the Job Access program but we have not yet received the grant award. The total revenue is \$1.8 million ahead of the projected budget.

Expenses are \$140,566 under budget so through the month of February we have a net income of a little less than \$1.2 million.

Mr. Foy stated that it is important to recognize that the revenue income in excess of the budget is a timing problem. We are getting the funds earlier than expected. In the end it will all balance out.

Acting Chairman Northrup ruled that the February, 2009 Income/Expense Statement be received and filed.

February, 2009 Ridership Statistic Report

Ed Benning, MTA Assistant General Manager-Services stated that the ridership for February was 498,880. There was basically no change from the prior year. Total ridership for the year is 2,574,436, which is an increase of 2%. Fixed route had a ridership of 375,368 for a decrease of 4%. The Miller-Linden route has a substantial reduction of 28%. We feel this is due to employment at Genesee Valley and the economy. Peak period service had a ridership of 47,979 for an increase of 43%. Regional route ridership was 17,051 for an increase of 12%. Even though the price of gas is down the regional routes have become the transportation choice for a growing number of passengers. Curb-to-Curb service ridership was 58,482 for an increase of 1%.

Acting Chairman Northrup ruled that the February, 2009 Ridership Statistic Report be received and filed.

Duane Miller left the meeting at 8:45 A.M.

February, 2008 Complaint Statistic Report

Mr. Benning stated that we had 8.3 complaints per each 100,000 passengers. The majority of the complaints were for late arrivals and driver conduct. We have made changes to the software to change the parameters so hopefully that will take care of the late arrivals.

Mr. Zelle asked if the new phone system has helped any?

Mr. Benning stated that we are still having some problems with the new phone system but it is getting better. There are still a few bugs that need to be worked out.

Acting Chairman Northrup ruled that the February, 2009 Complaint Statistic Report be received and filed.

Non Executive Session

Michael Joliat, Attorney stated that this will be information and will have to come back for Board approval.

This is a case evaluation on Dorothy Brandon who was struck by a car driven by one of our drivers from one of our service centers. The accident happened in 2005. Ms. Brandon was

walking across the parking lot to her ride. Our driver had dropped someone off, was sitting in the car doing her paperwork and then backed up striking Ms. Brandon. Ms. Brandon was 77 at the time and is now 80 years old. The accident did not cause any new fractures but she had previously had a hip replacement and shoulder replacement. Ms. Brandon did however hurt her leg and has swelling on the side. Even though the defendant was not seriously injured there was a change in her life style. She now has to use a walker and rarely leaves her apartment. She has people come in three days a week. The case evaluated at \$20,000 and Attorney Joliat recommends accepting the case evaluation. This would settle the insurance part of her claim and full and final settlement of the pain and suffering claim.

After further discussion it was the consensus of the Board that we accept the case evaluation.

Comments of Board Members

Mr. Foy stated that we are preparing for contract negotiations for both locals. We are asking that the Personnel Committee meet so we can layout some basic parameters in terms of negotiation strategy that we desire to follow and insure that we are in line with the Personnel Committee.

Mr. Foy also stated that he talked to Duane Miller in regards to getting the full compliment of Board members.

Adjournment

Meeting was adjourned at 9:03 A.M.
