



***MASS TRANSPORTATION AUTHORITY
MINUTES OF THE JULY 24, 2008 BOARD MEETING***

PRESENT: Paul Newman, Chairman, Paul Luttenbacher, Mike Zelle, Richard Abrams, Rose Bogardus

STAFF: Robert Foy, Suzanne Shepherd, Ed Benning, Jerry Ragsdale, Charlene Kowalski, Libroea Walker, Lynn McLean, Terry Jurens, Steve Hamelin

GUEST: Stephen Findley and Kate Fechik, Strategic Products and Services, Bob Morris, "Business for Better Transportation"

ABSENT: Carolyn Sims, Darryl Buchanan, John Northrup

Chairman Newman called the meeting to order at 8:10 A.M.

Presentation "Business for Better Transportation"

Bob Morris, "Business for Better Transportation" (BBT) stated that the idea evolved from an Oakland County business roundtable. We have a lot of problems with transportation funding and we need new and creative ideas. This started out as a roads project program and developed into a transportation funding project program.

There are three transportation problems in the State, especially in the urban counties. The need for transit improvements and expansion, deteriorating road conditions and increasing road congestion. Southeast Michigan has a \$4.5 billion shortfall in transit funding and a \$30 billion shortfall in road funding. In transportation needs, besides moving people from point A to point B, there is a whole new focus on what transportation should be in urban areas. We should be looking for riders of choice. It is hard to do that when we don't really have the kind of public transit system that is even second class. We have to have a public transit system that serves the public, serves the needs of the public but also for growth purposes the whole issue of a choice is significant. The State Transportation fund has a lot of problems. The gas tax revenue is flat. There is no growth, yet all the cost of maintaining roads and supporting transit is up. Even if we get the statewide funding solution as proposed in Drive Michigan (increase in fuel taxes, implement parity on the diesel tax, increase in registration fees) all of which are important for transit, there still will not be enough revenue to fully address our transportation needs.

The solution BBT feels is to create a "self-help" transportation fund. It's a strategy to use local options, raise funds locally that stay in the local area to use locally. It can be a defined program

a countywide program or regional program. Each county decides if it wants to participate and what they want to use the funds for. The program is a proposal that would allow counties to raise up to 3 cents that can be used for public transit and/or roads. If two counties joint together, they can raise up to 5 cents and if three or more counties joint together they can raise up to 7 cents. There is also a local-option vehicle registration fee, local-option license fee, local-option property transfer fee and local-option sales tax.

The “Business for Better Transportation” proposal is an economic reform package, a job creation package and a quality of life and safety package.

Mr. Foy asked how do we assure that the State doesn’t back away from their financial responsibility?

Mr. Norris stated that they don’t see that happening. This is not going to be an automatic proposal if it becomes law. It is designed to deal with major congestive problems, not maintenance problems of a road system. In terms of public transportation the Comprehensive Transportation Fund simply doesn’t have enough in it to deal with major public initiatives. We need a way to reshape the envelope.

Ms. Bogardus stated that she is worried that this would not do anything but harm unless you do it on a regional area. People just move too much.

Mr. Norris stated that this is a tool and it is not going to be used unless the community wants to use it.

After further discussion Mr. Foy stated that we would put together a resolution and bring it back to the Board in the month of August for consideration.

Comments of the Public None

Minutes of the June 19, 2008 Regular Board Meeting

Ms. Bogardus moved, supported by Mr. Abrams to approve the Minutes of the June 19, 2008 Regular Board Meeting. Motion passed unanimously.

Resolution #08-42 authorizing the General Manager to submit the FY 2009 update to the Disadvantaged Business Enterprise (DBE) Program to the Federal Transit Administration (FTA) pursuant to 49 CFR Part 23 & 26 and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Terry Jurrens, MTA Grants and Planning Manager stated that annually we submit a goal to the Federal Transit Administration in terms of our goal to include disadvantaged enterprises in our purchasing process. This is a two-step process. Basically we determine the amount of Federal funds that will be used for purchasing in different categories and the percentage that it represents. Secondly we look at the number of firms that have been certified as DBE’s in those categories.

We end up with a calculation of the total amount of money available and the number of firms available, which for FY 2009 figures at 3.4%. However, we are going to set our goal, as we have for the past several years, at 10% and we estimate that of that 10%, 5% will be what we call race-neutral participation. This means that we would issue an RFP for possible bids and based on the responses that a certain percentage would be awarded to DBE's and 5% through race conscious measures.

Mr. Zelle moved, supported by Ms. Bogardus to approve Resolution #08-42. Motion passed unanimously.

Resolution #08-43 authorizing the General Manager to enter into an agreement with R.L. White Construction and Development Corporation for cafeteria kitchen improvements in the Operations Center in an amount not to exceed \$163,750.00.

Mr. Abrams stated that the Finance Committee has reviewed this and recommends approval to the full Board; therefore Mr. Abrams moved Resolution #08-43. Ms. Bogardus supported. Motion passed unanimously.

Resolution #08-44 authorizing the General Manager to issue Change Orders Number Two (2) through Seven (7) to Midwest Bus in the amount of \$52,440.00 for a total contract of \$5,413,083.00.

Mr. Abrams stated that the Finance Committee has reviewed this and recommends approval to the full Board; therefore Mr. Abrams moved Resolution #08-44. Mr. Zelle supported.

Mr. Foy stated that this is beyond the scope of the current contract. Midwest is to remove the differentials and determine whether they need to be replaced and upon their inspection the determination was made to replace six differentials.

Motion pass unanimously.

Resolution #08-45 authorizing Robert J. Foy, General Manager to have Blumerich Communications install a 90-foot Data Communication Tower, Motorola PTP400 Backhaul Data link, and outdoor-shielded cable for the Swartz Creek Service Center in an amount not to exceed \$22,014.00.

Mr. Abrams stated that the Finance Committee has reviewed this item and recommends approval by the full Board; therefore Mr. Abrams moved Resolution #08-45. Mr. Luttenbacher supported.

Mr. Foy stated that we go through Blumerich for our wireless communications. We have evaluated the cost of this tower as compared to the other towers we have purchased through Blumerich and this rate is equal to the ones we have been purchasing.

Motion passed unanimously.

Resolution #08-46 authorizing Robert J. Foy, General Manager to purchase rebuilt Series 50 Diesel Engines from W.W. Williams for a total cost not to exceed \$17,240.00 for the first rebuilt engine and \$17,929.60, for each additional rebuilt engine, in an amount not to exceed \$71,028.00 for the base unit plus an additional three (3) rebuilt engines, with an option to purchase additional rebuilt engines at \$17,929.60 each, subject to the determination of the General Manager that an additional rebuilt engine(s) are required, for a period of One (1) year.

Mr. Abrams stated that the Finance Committee has reviewed this item and recommends approval by the full Board; therefore Mr. Abrams moved Resolution #08-46. Mr. Luttenbacher supported.

Mr. Foy stated that this was competitively bid. This is in anticipation of what our needs will be for the next year.

Motion passed unanimously.

Resolution #08-47 authorizing Robert J. Foy, General Manager to enter into an agreement with Strategic Products and Services for new commercial information technology equipment software (Avaya Phone System) in an amount not to exceed \$337,998.00.

Mr. Abrams stated that the Finance Committee has reviewed this item and recommends approval by the full Board; therefore Mr. Abrams moved Resolution #08-47. Mr. Luttenbacher supported.

Mr. Foy stated that the number one customer service problem that the Mass Transportation Authority has is the phone system. Our phone system is about ten years old and was designed to handle about 1,000 calls a day. We are now up to about 3500 calls a day and the system just cannot handle that number of calls. The calls go either directly to an operator or into a rotary if all the operators are busy. Because of the number of calls, calls are being dropped off the rotary and we don't know the call is out there. This is new technology that will allow us to meet our customer service demands in terms of telephone calls.

Kate Fechik, Strategic Products and Services stated that they represent the Avaya communication product. They take care of the fulfillment of the product from the manufacturer. Currently the MTA is using an interactive voice response system. Strategic Products is going to leave that system in place because it is up and running but they will integrate with the system to help the system to route the phone calls to the first operator that is available to take the call.

After further discussion the motion passed unanimously.

Resolution #08-48 authorizing Robert J. Foy, General Manager to enter into a lease agreement with Mohamed El Basty, for a period of three (3) years and three (3) months, for Space Numbers 2, 3, 4 and 5, located at the Downtown Transfer and Service Center, with one (1) option for renewal, in the monthly amount of \$1,900.00 with any annual rental increase based upon the Consumer Price Index (CPI).

Mr. Abrams stated that the Finance Committee has reviewed this item and recommends approval by the full Board; therefore Mr. Abrams moved Resolution #08-48. Mr. Luttenbacher supported.

Mr. Foy stated that in the Downtown Service Center there are five commercial locations. This Resolution is for four of those spaces. We have taken a look at the company and they do have the financial resources and credit to insure that they can operate through the beginning months.

The last location is being looked at by Subway. These four spots will be food related and they will be responsible to redesign the area to meet their need. This is a preliminary agreement and the contract will be brought back to the Board when it has been created.

Motion passed unanimously.

General Manager's Report

Mr. Foy stated that the written report would stand as issued. The important thing is the construction of the Swartz Creek Service Center is well on its way. It looks like it will be completed in September. We have identified a piece of property on Pierson Road for the Flushing Service Center. The owner has agreed to enter into an agreement. We have also identified a piece on Vienna and Jennings Road that we are prepared to make an offer on for the Clio Service Center.

We had our annual recognition event. Last year we went to Cedar Point and this year we went to a water park in Lapeer. We had about 850 people, employees and their families, that participated. Everyone had a really good time and the employees really look forward to this event.

The countywide millage will be up for renewal on August 5th. We feel we are in a very good position for the passage of the renewal.

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

June, 2008 Income/Expense Statement

Jerry Ragsdale, MTA Assistant General Manager-Administration stated that the passenger fares were under by about \$63,000, which is primarily affected by Demand Response service. Our fixed route and regional are exceeding our estimates. The manager of Demand Response is making some changes in the service and we expect that we will still meet our goal this year. In non-transportation revenue we are about \$6,000 under budget. Dedicated tax revenue is about \$2.6 million ahead of our projection. In State cash grants we are still receiving a little bit more than originally projected, about \$80,000. Total revenue year-to-date is over \$2.6 million.

In expenses we are still having slight increases in labor, fringe benefits and material and supplies. Again the big fluctuation is in the fuel cost. We went from \$4.02 - \$4.03 a gallon for diesel fuel last week down to \$3.87 and \$3.79 a gallon this week. It is still a real judgment call because we budgeted fuel at \$3.80 a gallon. Totally we are about \$416,000 over budget for expenses for the year but we are still projecting to have a \$1.4 million fund equity for the year.

Chairman Newman ruled that the June 2008 Income/Expense Statement be received and filed.

June, 2008 Ridership Statistic Report

Ed Benning, MTA Assistant General Manager-Services stated that the ridership for June 2008 was 493,797 passengers for an increase of 14% compared to a year ago. It appears that we will go over 6 million passengers this year. In all areas we had increases. In fixed route we had a 13% increase. Peak period service, which has ended for the summer, had a 57% increase with 22,159 passengers. Our regional service had a 14% increase and it continues to grow. The majority of these passengers are passengers of choice. In the curb-to-curb service the Senior Care Service for the month of June was 1,025 passengers. Each month it has continued to grow. The overall curb-to-curb service was up 13% with 51,990 passengers.

Chairman Newman ruled that the June 2008 Ridership Statistic Report be received and filed.

June, 2008 Complaint Statistic Report

Mr. Benning stated that with the ridership of 493,797 passengers we had 38 complaints or 7.6 complaints for every 100,000 passenger. Again the complaints fall in two areas. One is scheduling and the other is driver conduct. We are continuing to work on both of these areas with retraining.

Chairman Newman ruled that the June 2008 Complaint Statistic Report be received and filed.

Mass Transportation Authority 3rd Quarter Performance Indicators

Ms. Jurrens stated that the report is fairly favorable in terms of our targets. Passengers per vehicle hour for fixed route were 29.9 passenger per hour and demand response was 2.3 passengers per hour. In operating cost we anticipated that fuel expense would go up and therefore would increase our operating cost per hour. Fortunately it has not increased as much as anticipated so we are actually under the target, which actually is a positive place to be. Cost per passenger is also under in fixed route but slightly over in demand response. Farebox revenue we are doing well in fixed route but we need to do better in demand response. Miles between pull offs is under our target, which is also a positive.

Chairman Newman ruled that the Mass Transportation Authority 3rd Quarter Performance Indicators be received and filed.

Comments of Board Members

Mr. Zelly stated that Disability Network is having their annual Americans with Disabilities Act picnic on Friday from 11:00 a.m. – 1:00 p.m. at Kearsley Park and he would like to invite everyone to attend. Mr. Foy will be receiving an access award on behalf of citizens with disabilities.

Mr. Abrams stated that regarding the proposal for the tax increment planning by district for transportation there is one negative to think about. Any tax increment financing district, it captures the increases above the baseline, goes to that district which also takes it away from the general fund of the local government. The local government being in the straits that they are now, Mr. Abrams is not too sure that anything like that would pass.

Chairman Newman stated that he would ask each of the Board members to provide comment or input to Mr. Foy regarding this proposal so that he has input from the Board on whether it is appropriate to adopt such a resolution.

Mr. Foy stated that he would draft a resolution in support and the Board can either pass or reject it.

Adjournment

Meeting was adjourned at 9:45 A.M.
