



**MASS TRANSPORTATION AUTHORITY  
MINUTES OF THE SEPTEMBER 24, 2009 BOARD MEETING**

**PRESENT:** Paul Newman, Chairman, Richard Abrams, Paul Luttenbacher, Mike Zelley, Ted Henry, Maxine Murray, Pastor Seon Thompson, John Northrup

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

**GUEST:** Gary Mitchell, Richard McDonough, Chief Stewart Local 1223, Warren Franklin, Chief Stewart Local 3437

Chairman Newman called the meeting to order at 8:04 A.M.

**Comments of the Public** None

**Minutes of the August 27, 2009 Regular Board Meeting**

Mr. Zelley moved, supported by Mr. Luttenbacher to approve the minutes of the August 27, 2009 Regular Board Meeting. Motion passed unanimously.

**Minutes of the August 25, 2009 Finance Committee Meeting**

Mr. Henry moved, supported by Mr. Abrams to approve the minutes of the August 25, 2009 Finance Committee Meeting. Motion passed unanimously.

**Resolution #09-54 authorizing the General Manager to borrow Two Million Dollars (\$2,000,000) from the State of Michigan for the efficient operation of the Mass Transportation Authority, if required, for Fiscal Year 2010.**

Mr. Abrams stated that the Finance Committee reviewed Resolution #09-54 and made recommendation for approval by the full Board; therefore Mr. Abrams moved the resolution. Mr. Luttenbacher supported.

Mr. Foy stated that we run about a \$40 million a year business. We have to insure that we have ready cash to make payroll. Sometimes payments are delayed getting to us either from the State or Federal government or other sources that we get funding from so it is necessary that we have a quick line of cash available to us. The State of Michigan provides operating assistance to the Mass Transportation Authority. Back twenty years we would get the appropriation authorized by the legislature at the time of passage. Over the years the Department of Transportation has decided to give us only 1/12<sup>th</sup> of the appropriation each month. If we should have a cashflow

consideration at the beginning of the year we are authorized to request up to \$2 million of that money if we need it. For the last several years we have had no need to draw on it.

Motion passed unanimously.

**Resolution #09-55 authorizing the General Manager to enter into a three (3) year agreement with TALX Corporation to provide Third Party Administration for Unemployment Tax Management Services in an amount not to exceed \$21,540.00.**

Mr. Abrams stated that the Finance Committee has reviewed this item and recommends approval by the full Board. Mr. Abrams moved, supported by Mr. Northrup to approve Resolution #09-55.

Mr. Foy stated that we get an outside firm to evaluate all the unemployment requests and claims that the Mass Transportation Authority receives. They are professionals in this particular field and are able to defer certain cost associated with unemployment due to the ineligibility or other considerations that may be involved. We have had about a \$49,000 annual cost avoidance by having an outside firm.

Motion passed unanimously.

**Resolution #09-56 authorizing the General Manager to issue Change Order Number One (1) to Butcher & Baecker Co., for additional roof repair and recoating on the Operations Building, located at 1401 South Dort Highway, in an amount not to exceed \$26,557.00 for a total contract, not to exceed \$783,327.00.**

Mr. Abrams stated that the Finance Committee has reviewed this item with a recommendation for approval by the full Board. Mr. Abrams moved Resolution #09-56. Mr. Henry supported.

Mr. Foy stated that the Board awarded the contract to Butcher & Baecker for the repair of the roof at a cost of \$756,750.00 at the last Board meeting. At that Board meeting one of the things involving the contract was that they were to do an infrared scan of our roofing system to determine if there are any wet spots. If there were, it was understood that there would be additional charges if we had to remove part of the existing roof because of leaks. They did the infrared scan and made the determination that there is a need in certain areas to remove the top coating and the installation that has gotten wet and replace it. The total cost is estimated to be \$26,557.00. This is the price not to exceed and we anticipate that the actual cost will be a little less than that amount. This will be the only change order we will see in this effort.

Mr. Zelley asked if the funding for this was stimulus funds?

Mr. Foy stated that the funding comes out of a combination of ARRA funds and our 5307 money that we have.

Mr. Henry asked if they had started the repairs yet?

Lynn McLean, MTA Manager of Maintenance stated that the roof is 1/3 done on the Administration Building. On the operations building, the cafeteria area is done, the entire Your Ride area is completed and most of the maintenance wing is done. They are now starting on the storage area. They have not started to strip off the old roof yet. The additional area that we are asking for today is some wet areas that are further out in the storage area. The target finish time is the second week of November. The tear off will be the last thing to be done.

Mr. Foy stated that the roofing system has a 10-year guarantee. At the end of that period of time they will come back and do an evaluation of the condition of the roof. For a small fraction of the cost they will recoat the top and we will get another guarantee.

Motion passed unanimously.

**Resolution #09-57 authorizing the General Manager to enter into an agreement with Goodman Venegas Insurance Agency, for a period of two (2) years, in an amount not to exceed \$35,960.00 for Worker's Compensation Administrative Services.**

Mr. Abrams stated that the Finance Committee reviewed this and recommends approval by the full Board. Therefore Mr. Abrams moved Resolution #09-57. Mr. Zelley supported.

Mr. Foy stated that we are self-insured for workers compensation. This is administrative service for the program. We meet with them on a quarterly basis and go over every workers comp issue we have. The administrative cost is being transferred from Cambridge Intergrated Services that has been providing the service. This was the lowest cost alternative in terms of the response to the RFP. We have checked into this company and received nothing but positive remarks from other organizations that are currently using their service. The annual cost is less than we have been previously paying.

Motion passed unanimously.

**Resolution #09-58 authorizing the General Manager to borrow the sum of not to exceed \$2,000,000 from JPMorgan Chase Bank, N.A. (the "Bank") to finance working capital expenditures of the Authority through September 30, 2010.**

Mr. Abrams stated that the Finance Committee reviewed this item and recommends approval to the full Board. Mr. Abrams moved, supported by Mr. Northrup to approve Resolution #09-58.

Mr. Foy stated that this simply provides an opportunity for us to have an alternative if in fact we have delays in revenue coming in. This is a straight line of credit for \$2 million that we have had for many years. We do not have anything out against it at the present time.

Motion passed unanimously.

**General Manager's Report**

Mr. Foy stated that at the Federal level there are two things that we are dealing with. In order for us to receive any type of funding there must be two actions. There must be an authorizing

process from the House and Senate and then signed by the President and then an appropriation process that actually appropriates the money that is authorized. The authorization is generally a multi year authorization. Traditionally it is six years so that we have some kind of forecast as to what transit funding will be in future years. Originally this was just an authorizing process and then the appropriation committee would appropriate the money involved. They are now earmarking about half of the money in the authorizing process so they are taking away from the appropriations committee the authority they had. This has become very important to us because we have to attempt to get earmarks during the authorizing process. This year we do not have the authorizing legislation yet but we are getting close to getting an appropriation so the appropriating committees and the authorizing committees will probably authorize something for 2010 and then appropriate the money for it. Rather than identifying the specific allocations, in our particular area of interest, there is about \$900 million nationwide that is provided for bus and bus facilities. Rather than identifying the money this time they have only earmarked about \$100 million and the other \$800 million is going to be given out through discretionary grants. We are going to be going through a period of high competition in terms of going after grants. We have a list of about \$50 million in grant request. Most of them have been submitted but it is going to be very interesting in how all of this turns out. At this point the House and the Senate have both passed their resolutions. They are now in the Conference Committee.

Mr. Zelle asked if the Federal government has always been out of the operating assistance and is there any flexibility for using some of the capital money for maintenance?

Mr. Foy stated that there are some technical loopholes where they allow you to use some of your capital money for what they consider maintenance of effort. It is very limited. This year we used \$3 million for preventive maintenance. Next year that will probably be reduced to about \$2.4 million.

In 2010 the State has about a \$1.8 billion deficit in the general fund and in the school aid fund they have another billion they have to deal with. At the present time there has been a significant amount of discussion about those items. It has to be resolved by the 1<sup>st</sup> of October. From the Republican side of the House they want everything to come as a result of cuts. From the other side they want some new revenue along with cuts. The compromise is that we are going to take a cut of about \$11.5 million. We will have a little over \$4 million in reduction in statewide operating support. That will reduce the amount coming directly to the MTA by about \$150,000. They are all but eliminating the state match for federal dollars. We may have to come back to the Board with some kind of proposal to use some of our own millage money to match federal dollars. All of this is just conversation because until the Senate and House reach some accommodation and the Governor signs the bill that will balance the budget, all of this is just talk. We have to be prepared to do more with the dollars we have because there is not going to be any new dollars.

Mr. Zelle asked that with all the cuts will we have to cut back on service?

Mr. Foy stated that we are going through the budget review for 2010. It starts October 1<sup>st</sup>. The Board approved a budget back in January of 2009 in order to give us time to go out and seek grants. We will be bringing a revised budget in November. Are we anticipating cuts? At the present time we hope not. Our solution is to try and use technology to become more efficient and more effective in what we are doing and use the same dollars to do more with them. We still think that is a viable option for us in terms of dealing with these issues.

Mr. Foy also stated that the Flushing Service Center is a go. We have to go through the process of rebidding the architectural/engineering for the reasons brought up at the triennial review where there was concern that our relationship with CHMP was over five years. We anticipate the construction will start early in the Spring.

In Clio we have been working our way through in getting approval on the purchase of the property. The people in Washington wanted additional information on the value of the property. We are in the process of finalizing the additional information that they are asking for. We do not anticipate starting construction on that building until late 2010.

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

**August, 2009 Income/Expense Statement**

Jerry Ragsdale, MTA Assistant General Manager-Administration stated that passenger fares year-to-date was budgeted at \$4,063,000 and we have actually taken in \$4,079,000 so we are almost \$16,000 ahead in projected fares. In the non-transportation revenue we projected revenue of \$272,381 and our actual budget is \$275,858 so we have a positive of almost \$3,500 there. In the dedicated tax revenue we had a projection of \$9,947,947 and we have received \$9,960,052 so we are about \$12,000 ahead of our projection. We know ahead what we are going to receive in State and Federal cash grants so there is no variance. The total budget year-to-date for revenue is \$24,270,105 and we have actually generated \$24,301,602 so we are about \$31,500 over our revenue projection.

In expenses we are slightly over in labor cost but fringe benefits are about \$100,000 under budget so totally we are about \$15,000 ahead of our projected expenses. Total net income year-to-date was almost \$17,000 over our projected income.

Our projected contribution to equity was almost \$800,000 so if we still move forward with this positive net income for the year-to-date we could see more than \$800,000 contributed to equity.

Chairman Newman ruled that the August 2009 Income/Expense Statement be received and filed.

**August, 2009 Ridership Statistic Report**

Ed Benning, MTA Assistant General Manager-Services stated that ridership for August 2009 was 406,493 passengers. For the month we were down 13% when you compare the ridership to 2008. Year-to-date we have ridership of 5.3 million passengers for a decrease of 5%. Last year was a record year for ridership. We had spikes in ridership where we were well over 500,000

passengers a month. We had some months that when we compared the ridership to the previous year we had over 100,000 new passengers. We are coming off that this year in dealing with the lost of employment and changes in fuel prices. Since April we have continued to see a decrease in ridership.

Our fixed routes carried 355,702 passengers for the month, which was down 11%. The peak period service was not up in August. Our regional routes had a ridership of 10,747 for a decrease of 42%. This points to the changes in the employment market and also to the change in fuel prices from a year ago. Curb-to-curb had 40,044 passengers for a decrease of 14%.

Chairman Newman ruled that the August 2009 Ridership Statistic Report be received and filed.

**August, 2009 Complaint Statistic Report**

Mr. Benning stated that for the month of August we had 45 complaints. The highest number of complaints was service complaints. Those service complaints were directly impacted by the fact that we had to curtail the amount of service we put out on the street to stay within the revenue we had to work with.

Mr. Foy stated that we receive as many as 3500 calls a day. Many of the calls are discretionary kind of calls meaning that the individual is totally able bodied but they may live four blocks from a fixed route and therefore they want to use Your Ride. Then you have others that the calls come in and they all want to be picked up at the same time in the morning. We never deny an individual who is ADA certified so the individuals being turned down are not ADA certified. Individuals who have subscription work trips are never denied and dialysis passengers are never denied. What we are dealing with is casual riders that use the service and sometimes during the year have to be denied service. We are like everybody else. We have to live within our budgets and during the month of July, August and September we had to reduce the number of casual trips we were providing. In October we will be back up to where we will be working with a new budget and we won't have to deny any trips.

In the month of July we had 200 out of 48,000 trips that we had to deny. In the month of August that amount was about 2,000 trips out of 40,000 that we had to deny.

Chairman Newman ruled that the August 2009 Complaint Statistic Report be received and filed.

**Comments of Board Members**           None

**Adjournment**

Meeting was adjourned at 9:32 A.M.

