

**Jointly Held
Finance/Personnel and Planning Committee
Meeting Minutes**

November 21, 2017

Members Present: Sharon Hairston, Jointly Held Committee Chair, Board Vice President (departed 10:30 am)
Adrienne Heard, RTA Board President
Franz Hoge
Sharon Howard, Chair, Planning Committee
John Lumpkin, Chair, Finance/Personnel Committee
Belinda Matthews Stenson
Tom U. Weckesser (arrived 8:35 am)
David Williamson, Chair, Investment Advisory Committee (arrived 8:35 am)

Excused Absence: Vince Corrado

Staff in Attendance: Mark Donaghy
Julia Beard
Daron Brown
Sally Brown
Joyce Carter
Chris Cole
Tim Harrington
Jonathan Hollingsworth, Hollingsworth & Washington
Deborah Howard
Nick Mantia
Nikol Miller
Jessica Olson
Brandon Policicchio
Robert Ruzinsky
Mary K. Stanforth
Robert Thomas

Others Attending: Dr. Richard Henry, League of Women Voters
Paul Lambarger

Call to Order

Ms. Sharon Hairston called the meeting to order at 8:31 a.m. A quorum was present and proper notice of the meeting had been given.

Approval of October 17, 2017 Meeting Minutes

Ms. Hairston asked if attendees desired a reading of the minutes or if there were any corrections to the minutes?

MOTION made by Mr. Hoge and SECONDED by Ms. Heard to ACCEPT the October 17, 2017 meeting minutes. The motion was APPROVED by voice vote 6-0.

Mr. Weckesser and Mr. Williamson arrived at 8:35 a.m. and it was determined to revise the agenda and review Action Item #2, after Action Item #3 and #4.

December 2017 Board Action Items:

Action Item #3 – 2018 Operating and Capital Budgets

Both Mr. Ruzinsky and Ms. Stanforth provided a review of the 2018 Operating and Capital Budgets. On the Operating side, before local depreciation we show a loss of \$935,000 or 1.4% of the budget. If you include local depreciation (which we started doing with FY2011) the loss is \$3.3 million, or 5.0% of the proposed budget. The main driver is the loss of Sales Tax revenues as a result of recent legislative changes (offset some by one-time payments from the State).

RTA is facing a few years of unknowns. Things such as the re-opened labor agreement on the topic of medical benefits, unknown future medical costs/requirements, unresolved long term pension funding solutions, and uncertain times in DC (which could alter our federal funding) make the next few years difficult to budget for. Because of these uncertainties we are only showing FY2018 for the operating budget. The challenge is how we deal with these unknowns and continue to meet the needs of our customers, employees, and the community.

On the capital side we are showing the traditional 5 years of project data to ensure we can show need, should additional funds become available. The five year projected funding shortfall has been greatly reduced, but still exists. We will only bring projects to the Board for approval where funding has been awarded. We will continue our efforts to secure competitive grant funding for capital items when opportunities arise.

Similar to past years of challenging times, or periods of uncertainty, we propose that the un-balanced budget be adopted and Staff be charged with coming up with various alternatives on how best to deal with the budget shortfalls for 2018 and beyond. RTA is currently holding public hearings on some proposed service adjustments and revenue enhancements, but Staff will not have any recommendations on how to best move forward until after we have had time to listen to and consider all comments, ideas, and suggestions.

Staff will work to keep operating costs down and adjust capital project timing to keep pace with funds as they become available. Staff will also continue to study internal operations and services provided to identify the best ways to deal with the projected budget deficit. The overall goal will be a balanced income statement at the end of 2018, as well as a plan to guide RTA into 2019 and beyond.

As always though, Staff will work to eliminate the deficit and end the year balanced. Like 2017, as well as the great recession of 2007-09, 2018 will be a challenging year, but we have successfully faced similar challenges in the past and have complete confidence we can do the same again.

Following a review of the 2018 Capital and Operating budget, Mr. Hoge referenced a recent New York Times article that highlighted the current state of New York transit agency's assets, more specifically, their aging rail system. Mr. Ruzinsky responded by stating that we have planned a budget with a goal to replace 100% of our vehicles by 2020, along with all major facility projects either completed or underway. Mr. Donaghy also noted that this includes the trolley infrastructure and that Staff should receive shortly, the final infrastructure report to see what it will take to update the system.

Mr. Hoge raised a question about whether we should approve an unbalanced budget without knowing the exact proposed service and fare changes in order to balance the budget in 2018.

Mr. Donaghy stated that Staff has not finalized any decisions on what service and fare changes would be in 2018 to compensate for the deficit. He stated that we must make decisions within the coming month in order for them to be reflected in the next schedule change and work pick/selection by operators for February.

Mr. Donaghy also noted that while we may wish to defer one or more of the proposed changes until later in the year we must balance that against the fact that such an approach leaves fewer months in the fiscal year to count the dollars saved.

It was agreed to defer Action Item #3 and Action Item #4 Resolution No. 2017-12-1, Fiscal Year (FY) 2018 Annual Appropriations, with the understanding that Staff would incorporate service and fare considerations in a revised budget document for the December Committees meeting along with an action item for the proposed new fare structure which would be implemented at the same time.

Action Item #2 – Investment Advisor

Mr. Williamson stated that an Investment Advisor is required to provide advice and assistance to RTA’s Secretary-Treasurer and Investment Advisory Committee and this procurement supports our Core Value of Stewardship as we manage our resources efficiently and responsibly.

Proposals for an Investment Advisor were solicited through the Dayton Daily News, Dayton Weekly News and Transit Talent. Requests for Proposals (RFP) were sent to 32 firms.

Five (5) proposals were received and reviewed by the Evaluation Committee based upon the following criteria:

- **Experience relevant to this type of project**
List relevant experience within the last five (5) years
- **Competence of personnel**
Include staff to be assigned to the project and their qualifications to perform this work successfully
- **Investment philosophy for public funds**
Describe your firm’s guiding principles
- **Reasonableness of cost**
Please provide total cost for this service
- **Quality of proposal preparation**

The following firms submitted a proposal:

<u>FIRM</u>	<u>COST</u>
Meeder Investment Management Dublin, OH	*\$25,000/year to include safekeeping up to 0.01% annual fee rate
RedTree Investment Group Cincinnati, Ohio	**

Bond Tech/Midwestern Wealth Management	**
The Carillon Group Miamisburg, OH	**
Waterstone Investment Counsel, Inc. Cincinnati, OH	**

**\$2,800 of the fee is for safekeeping. If RTA selects an outside custodian, up to \$2,800 of the cost would be covered.*

***FTA procurement regulations require that only the successful proposers pricing data be publicly disclosed.*

Annual fees are based on a portfolio of \$28 million.

MOTION made by Mr. Williamson and SECONDED by Ms. Heard that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees a contract AWARD to Meeder Investment Management for Investment Advisory Services. The motion was APPROVED by voice vote 6-0-2. Mr. Hoge and Mr. Lumpkin abstained from the vote.

Action Item #5 – Fuel for Transit Coaches – Ultra Low Sulfur Diesel

Mr. Brown stated that Ultra Low Sulfur (ULS) fuel is used on a daily basis to fuel the Greater Dayton RTA’s diesel bus fleet and non-revenue vehicles. This procurement is being brought to the Board at this time because the current contract with Mansfield Oil Company of Gainesville, Inc. ends December 31, 2017.

This procurement supports our Core Value of good Stewardship of RTA’s financial resources by ensuring that diesel fuel is purchased at a fair and reasonable price.

Vendors were required to base their bids on the Daily OPIS (Oil Price Information Service) Gross #2 Ultra Low Sulfur Distillate Price, Dayton, Ohio, Rack Average plus or minus (+/-) a fixed differential. The differential determines the lowest bidder.

Sealed bids for the purchase of #2 Ultra Low Sulfur fuel for a one-year period with two one-year options were solicited through the *Dayton Daily News*, *Dayton Weekly*, and *Transit Talent.com*. Invitations for Bid were sent to fifty-five (55) vendors.

Ten (10) bids were received and publicly opened. The results were as follows:

VENDOR	Floating Price Differential (Cents/Gallon) (OPIS) BASE CONTRACT YEAR	Floating Price Differential (Cents/Gallon) (OPIS) OPTION YR. 1	Floating Price Differential (Cents/Gallon) (OPIS) OPTION YR. 2
Mansfield Oil Co. of Gainesville Inc. Gainesville, GA	-0.0511	-0.0494	-0.0475
James River Solutions Ashland, VA	-0.0414	-0.0400	-0.0400
Heritage Petroleum LLC Evansville, IN	-0.0295	-0.0276	-0.0225
Lykins Energy Solutions Milford, OH	-0.0287	-0.0263	-0.0237

RKA Petroleum Companies, Inc. Romulus, MI	-0.0282	-0.0090	-0.0082
Petroleum Traders Corporation Fort Wayne, IN	-0.0215	-0.0215	-0.0190
Ports Petroleum Co., Inc.* Wooster, OH	-0.0189	-0.0131	-0.0131
PS Energy Group, Inc. Dunwoody, GA	-0.0050	-0.0050	-0.0050
Great Lakes Petroleum Co. Cleveland, OH	0.0000	0.0000	0.0050
Hightowers Petroleum Company Middletown, OH	0.0183	0.0198	0.0208

* Ports Petroleum Co., Inc. was non-responsive due to taking exception to RTA's Terms and Conditions.

Based on the OPIS floating price for #2 Ultra Low Sulfur Fuel for October 25, 2017, and the differentials bid by Mansfield Oil Company of Gainesville, Inc., estimated annual costs are as follows:

**Base Year
(1/1/18 – 12/31/18)**

Est. Annual Qty. in Gallons	OPIS Floating Price per Gal for 10/25/17	Differential Cents/Gal	Price per Gal before Taxes	Federal Environmental Fee Recovery Cents/Gal	Ohio Motor Fuel State Tax Cents/Gal	Federal Excise Tax (LUST) Cents/Gal	*Current Ohio Diesel Petroleum Activity Tax (PAT) Cents/Gal	Total Cost per Gallon	Total Annual Estimated Cost
1,362,904	\$2.0371	\$-.0511	\$1.9860	\$.002140	\$.28	\$.001	\$.009991	\$2.2791	\$3,106,195

**Option Year 1
(1/1/19 – 12/31/19)**

Est. Annual Qty. in Gallons	OPIS Floating Price per Gal for 10/25/17	Differential Cents/Gal	Price per Gal before Taxes	Federal Environmental Fee Recovery Cents/Gal	Ohio Motor Fuel State Tax Cents/Gal	Federal Excise Tax (LUST) Cents/Gal	*Current Ohio Diesel Petroleum Activity Tax (PAT) Cents/Gal	Total Cost per Gallon	Total Annual Estimated Cost
1,362,904	\$2.0371	\$-.0494	\$1.9877	\$.002140	\$.28	\$.001	\$.009991	\$2.2808	\$3,108,511

**Option Year 2
(1/1/20 – 12/31/20)**

Est. Annual Qty. in Gallons	OPIS Floating Price per Gal for 10/25/17	Differential Cents/Gal	Price per Gal before Taxes	Federal Environmental Fee Recovery Cents/Gal	Ohio Motor Fuel State Tax Cents/Gal	Federal Excise Tax (LUST) Cents/Gal	*Current Ohio Diesel Petroleum Activity Tax (PAT) Cents/Gal	Total Cost per Gallon	Total Annual Estimated Cost
1,362,904	\$2.0371	\$-.0475	\$1.9896	\$.002140	\$.28	\$.001	\$.009991	\$2.2827	\$3,111,101

* The Ohio Petroleum Activity Tax changes quarterly based on the statewide average wholesale price of a gallon of diesel fuel, as reported by the Tax Commissioner.

MOTION made by Ms. Stenson and SECONDED by Ms. Howard that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees a contract AWARD to Mansfield Oil Company of Gainesville, Inc. for Ultra Low Sulfur Diesel Fuel with a differential of $-\$0.0511$ on the OPIS for an estimated award amount of $\$3,106,195$ for the base year; a differential of $-\$0.0494$ on the OPIS for an estimated award amount of $\$3,108,511$ for Option Year 1; and a differential of $-\$0.0475$ on the OPIS for an estimated award amount $\$3,111,101$ for Option Year 2; for an estimated grand total of $\$9,325,807$.

Actual costs will vary based on the daily OPIS price, the number of gallons purchased, and quarterly adjustments made to the Ohio Petroleum Activity Tax. Funding for this procurement is included in the operating budget. The motion was APPROVED by voice vote 8-0.

Action Item #6 – Wireless Phone & Data Services and Wireless Data Service for Vehicles

Mr. Mantia stated that the purpose of this procurement is to contract with a firm to provide wireless phone services; machine to machine data services; and set up a Virtual Private Network (VPN) tunnel including professional support services at Greater Dayton RTA. Wireless phones are required to provide cellular communications when personnel are away from the office and for those working in the field. Machine to Machine (M2M) data service is required for revenue service vehicles to communicate with the Clever Devices real-time CAD/AVL system and to allow for GPS tracking of all non-revenue service vehicles. This procurement is being brought to the Board at this time because the current contract with Verizon Wireless ends December 31, 2017.

The wireless phone/data service supports our Core Value of Quality Service by allowing RTA personnel to stay in contact with other personnel and assist customers when needed. The M2M data service supports our strategic plan for reliability by allowing RTA to keep its customers informed of bus arrival status in real time.

Request for Proposals were initially sent to twenty-four (24) firms.

Three (3) proposals were received. The Evaluation Committee reviewed the proposals to determine the most qualified proposer using the following criteria:

- Service Area Coverage
- Cost and Data Usage Limits
- Billing options/On-line Account Management
- Cost of Devices
- Quality of Proposal Preparation

The results were as follows:

	Verizon Wireless Laurel, MD	Sprint Solutions, Inc. Overland Park, KS	AT&T Lexington, KY
	Monthly Rate	Monthly Rate	Monthly Rate
Wireless Phone/Tablet Services	\$1,674.36	*	*
Machine to Machine (M2M) Data Service	5,692.00	*	*
Monthly Total	\$7,366.36	*	*
Base Years 1-3 Total	\$265,188.96	*	*
Option Years 1 and 2 Total	\$176,792.64	*	*
5 Year Total	\$441,981.60	*	*

* FTA procurement regulations require that only the successful proposer's pricing data be disclosed publicly.

Verizon Wireless was found to be the most qualified due to the availability of cellular 4G/LTE coverage in the RTA service area, call performance and overall reliability, the cost to go to new devices was not necessary (required if switching to another provider) and the other areas evaluated.

A contingency is being requested to allow for changes in the plan over the contract period due to the projected need for increased machine to machine (M2M) data usage and phone/data service, new monitoring equipment for power substations, upgrades and changes in phone/tablet devices.

RTA estimates a need for as many as eighteen (18) additional Smart Phone/Tablet devices for a total of sixty-five (65) devices by the end of the five year contract. The estimated cost for services for the eighteen (18) new and upgrading the existing forty-seven (47) is \$27,540.

The total cost for M2M data service is \$341,520. A contingency of 10% of the 5 year total in the amount of \$34,152 will allow for the following future expansions:

- Added functionality to the Clever Devices CAD/AVL system
- Increased data usage on supervisor tablets
- Increased use of the live look-in feature of the Apollo camera system
- Additional equipment monitoring on the power substation SCADA system

Contingency	
Phone/Tablet Services Contingency	\$27,540
Contingency for M2M future demands (10%)	<u>34,152</u>
Contingency Total for Services	\$61,692
Estimated Phone/Tablet Device Purchase/Upgrade	\$15,000

* The \$15,000 represents the option to purchase additional phone/devices.

MOTION made by Mr. Weckesser and SECONDED by Ms. Stenson that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees a contract AWARD to Verizon Wireless for a not to exceed amount of \$265,189 for three base years; an additional \$176,793 for two option years for a five (5) year total of \$441,982; an additional \$61,692 contingency for increases in usage; and \$15,000 for purchase/upgrades of phone/tablet devices for a Grand Total not to exceed \$518,674 for five (5) years. Funding for this procurement is included in the operating budget. The motion was APPROVED by voice vote 8-0.

Action Item #7 – Updated Wright Stop Plaza Vertical Building Envelope Contingency

Mr. Ruzinsky stated that on January 3, 2017 the Board approved a contract with NR Lee Restoration Ltd. of Delphos, Ohio in the amount of \$1,049,474 for phase one exterior renovations of the Greater Dayton RTA, 4 South Main Street Buildings, which serve as our administrative offices and main transportation hub. Other phases of planned exterior work include roof replacements/upgrades (awarded in September, also to NR Lee in the amount of \$770,200), replacements of store front window systems, underground shoring, east façade updates, exterior sidewalk replacements, concrete work, landscaping, lighting updates, awnings and other miscellaneous exterior projects. Overall we anticipate about \$3.5 million in total exterior investments.

The main tower building contains 18 sets of extremely large historic windows on the second and third floors which are some of the most visible architectural anchors of the building. Six (6) of the 18 sets measure over 17’ across by 9’ tall, the other 12 sets measure over 13’ across by 9’ tall. The 9 sets of these windows on the 3rd floor are all arched which add significant challenges. The bulk of these windows are constructed of cast iron and heavy plate glass. This construction technique is not used today. The remaining windows are a combination of steel and wood reflecting the different phases of building construction.

During the current phase of the renovation it was determined that the cast iron elements have failed and are beyond repair and require replacement. The proposal is to replace all 18 units with custom wood units. They would be constructed from Mahogany or White Oak for long term stability (75-100 year life), would match existing units in appearance, and would include insulated glass panels to improve energy efficiency. Staff has also looked at options, such as just replacing the cast iron units and rebuilding the others but this alternate will not yield significant savings.

The original award to NR Lee included \$175,000 in contingency funds and to date we have only used about \$30,000. The estimated cost to replace all 18 sets of large historic windows with custom made historically accurate replacements is \$363,000.

Our request is to add \$225,000 to the previously approved contingency making it \$400,000 which should allow for the full replacement of the 18 windows as well as the minor change orders already authorized. Staff has worked with our A&E firm and renovation consultant to ensure pricing is fair and reasonable.

MOTION made by Mr. Lumpkin and SECONDED by Mr. Hoge that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees additional contingency funds in the amount of \$225,000 be added to the previously approved NR Lee Vertical Building Envelope Restoration contract for an updated total award of \$1,274,474. This procurement is being funded with 80% Federal grant funds and funds are available on current grants to cover this change. The motion was APPROVED by voice vote 8-0.

Action Item #8 RTA Connect – Montgomery County Board of Developmental Disabilities Pilot Program

Mr. Policicchio stated the purpose of this action item is for the RTA to enter into a two-year mobility management services pilot program with the Montgomery County Board of Developmental Disabilities and certified Department of Developmental Disabilities transportation providers.

The goal of the pilot program is to develop and implement a regional Human Service Transportation mobility management operation with Montgomery County Board of Development Disabilities in order to improve transportation access within the region. The pilot program aligns with RTA's Strategic Plan of working to adjust services to meet community demands through the development and implementation of a regional Human Service Transportation brokerage operation.

Background

Beginning in 2016, the Montgomery County Department of Developmental Disabilities stopped accepting new clients into its programs for people with developmental and intellectual disabilities in response to recent federal rule changes.

The federal rule prohibits the county board from providing direct services such as transportation to individuals with disabilities with federal waivers if they also provide their case management. The federal rule aims to remove decisions about care and services from organizations that provide them in order to eliminate any conflict of interest.

As a result, the Montgomery County Board of Development Disabilities Services expects to phase out its non-medical transportation programs by the end of 2018. In response, the Montgomery County Board of Developmental Disabilities engaged RTA in early 2016 to discuss the feasibility of implementing a pilot program to provide mobility management services.

In order to support the county's request and participate in the pilot program, RTA became certified in June 2017 as a transportation provider through Medicaid and the Ohio Department of Developmental Disabilities in order to act as a transportation mobility manager and sub contract with other certified providers to deliver transportation services.

Following certification, RTA staff met in August 2017 with two certified not-for-profit Department of Developmental Disabilities transportation providers (Towards Independence and Choices in Community Living) recommended by the county to discuss participation in the pilot program.

At the conclusion of the meeting, all parties including Montgomery County Board of Developmental Disabilities agreed to move forward with the pilot program along with assisting RTA in providing Connect paratransit and on-demand services in order to maximize productivity and efficiency during the pilot period.

MOTION made by Mr. Lumpkin and SECONDED by Mr. Williamson that the Finance/Personnel and Planning Committees RECOMMEND to the Board of Trustees that RTA enter into partnership agreements with the Montgomery County Board of Developmental Disabilities and certified Department of Developmental Disabilities transportation providers in order to operate a two-year mobility management services pilot program. The motion was APPROVED by voice vote 8-0.

Ms. Hairston departed the meeting at 10:30 a.m.

Informational and Discussion Items:

Customer and Business Development Update

Mr. Policicchio provided a summary document of recent activities in the Customer and Business Development Department. The summary included community involvement activities along with positive local and national news highlighting our Agency.

KPI Data Review

Ms. Julia Beard previously provided the KPI data in today's Committee package. Ms. Beard provided a summary of the results.

August 2017 Sales Tax Update

Mr. Thomas reported August 2017 Sales Tax receipts equal \$3,065,645 and State of Ohio Transitional Aid is \$383,788. The Grand Total of \$3,449,433 reflects a 6.4% or \$209,000 increase versus August 2016.

Year-to-Date (YTD) August 2017 Sales Tax receipts equal \$26,755,549 and State of Ohio Transitional Aid is \$767,576. The YTD Grand Total of \$27,523,124 reflects a 0.6% or \$157,000 increase versus YTD August 2016.

October 2017 Financial Statements

Mr. Thomas reported that for the month of October 2017 RTA's *Net Loss after Local Depreciation* is \$493,000 compared to October 2016's *Net Loss* of \$1,291,730.

October 2017 YTD *Net Loss after Local Depreciation* is \$1,098,553 compared to YTD October 2016's *Net Loss after Local Depreciation* of \$710,831. The details associated with the financial statements are included in the Committee Package. After ten (10) months of Operations, RTA realized a \$387,722 negative variance as compared to 2016.

Small Purchasing Information

Ms. Deborah Howard stated Small Purchasing Information was previously included in today's meeting packet. There were no questions from Committee members regarding this report.

Next Meeting

A Jointly held Finance/Personnel and Planning Committees meeting will be held on Tuesday, December 19, 2017 at 8:30 a.m.

Adjournment

MOTION made by Mr. Lumpkin and SECONDED by Mr. Hoge to ADJOURN the meeting. The motion was APPROVED by voice vote 7-0. The meeting adjourned at 10:50 a.m.

Attest



Sharon Hairston, Chair



Brandon Policicchio, Committee Secretary