



**Cooperative Alliance for Seacoast Transportation
Minutes of the Board of Directors Meeting
Wednesday, January 23, 2019**

Present: Scott Bogle, Denis Hebert (left at 10:05am), Colin Lentz, Marty Pepin, Dave Sandmann, Dennis Shanahan and Juliet Walker

Absent: Arthur Capello, Steve Fournier, Dave Sharples, Maria Stowell and Shelley Winters

Staff: Rad Nichols, Michael Williams and Heather Hesse-Stromberg

Guest: Valerie Labrie, Portsmouth Housing Authority

I. Call to Order

The meeting was called to order at 8:30 AM. All present introduced themselves.

II. Approval of Minutes

Mr. Pepin made a motion to accept the minutes from the December 19, 2018 Board Meeting as presented and Mr. Bogle seconded the motion. All voted in favor. Mr. Hebert made a motion to accept the minutes from the nonpublic session of the meeting and Mr. Lentz seconded the motion. The nonpublic session minutes were accepted by roll call vote:

Mr. Hebert	Yes
Mr. Shanahan	Yes
Ms. Walker	Yes
Mr. Lentz	Yes
Mr. Pepin	Yes
Mr. Bogle	Yes
Mr. Sandmann	Yes

The minutes from the nonpublic session will remain sealed.

III. Public Comment

None

IV. Financial Report

Mr. Nichols presented the report on November 2018's financials. He noted that we have seen lower farebox and contract revenue than expected and there continues to be a lag in collections of advertising revenues. The November expenses for fringe benefits is up significantly due to the PTO Buy back. In addition, our planning expenses are very high in November due to the recent purchase of Remix planning software.

Mr. Nichols noted an error in the ACT/Coordination budget lines that will need to be amended and voted on at an upcoming meeting.

Mr. Nichols reported that there will be noticeable changes to the wage and fringe benefit lines in the January financials due to pay increases taking effect January 1, 2019, along with increases to insurance that took effect on November 1.

Mr. Lentz asked about the impact of the government shutdown on COAST's finances. Mr. Nichols reported that, due to the government shutdown, COAST can not draw down any FTA funds. However, all expenses incurred during the shutdown will be reimbursed when the government reopens. We have been operating and paying expenses through managing our available funds.

VI. Old Business

Commercial Vehicle Operator Staffing

Mr. Nichols reported that we are again short staffed in commercial vehicle operators. In the last two weeks we have lost 2 operators for different reasons. Prior to that we had lost two operators in November that we have not yet been able to replace. We are actively advertising opportunities; however, we will likely have to periodically cancel some services until such time as we are staffed up again. We will do everything possible to limit and minimize those service cancellations. Mr. Nichols noted that it will likely be awhile before we are fully staffed.

Ms. Walker asked if we have considered Part-Time Operators to fill the gap. Mr. Nichols noted we are currently advertising for both Full-Time and Part-Time. Mr. Bogle suggested connecting with a community college and Mr. Williams noted that he explored this option and had no luck. Ms. Walker suggested COAST reach out to municipalities to see if we can share drivers. Mr. Williams noted that everyone is struggling to hire and retain CDL operators.

Staff Cross-training

Both Vanessa and Heather are cross-training with Deidra on her critical job duties as she is expected to be out for maternity leave soon. We are also coordinating with our Accountant, Bob Ruzinsky. Vanessa will be handling payroll and ticket/pass sales and Heather will be handling all Accounts Payable and Accounts Receivable.

DoubleMAP Real-time Bus Information System

Within the past two weeks staff has escalated and stressed our urgency for resolutions and full implementation. We continue to struggle with scheduling and report issues. We are still likely 6+ weeks away from that achievement, however.

VII. New Business

Action Items

Action Item #1: Treasurer Opening - TABLED

Action Item #2: FY18 Draft Audit Acceptance

Prior to the meeting the Draft Audited Financial Statements & Supplemental Statements for COAST's FY2018 were distributed.

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Cooperative Alliance for Seacoast Transportation were prepared in accordance with GAAP.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Cooperative Alliance for Seacoast Transportation were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal controls over major federal award programs.
5. The auditor's report on compliance for the major federal award program for the Cooperative Alliance for Seacoast Transportation expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award program for the Cooperative Alliance for Seacoast Transportation.
7. The program tested as a major program was transit operations - the provision of bus transportation, CFDA number 20.507.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Cooperative Alliance for Seacoast Transportation was determined to be a low-risk auditee.

COAST's Draft 2017 Form 990 was made available at the meeting. It provides information on the filing organization's mission, programs, and finances.

Action Required: *That the Board of Directors accept the 2018 Audit Reports and 2017 Form 990, prior to submittal to the IRS and Federal Audit Clearinghouse.*

Ms. Walker made a motion to accept the 2018 Audit Reports and 2017 Form 990 prior to submittal to the IRS and Federal Audit Clearinghouse which was seconded by Mr. Hebert. All voted in favor.

Action Item #3: FY20 Municipal Funding Formula and Draft Requests

A presentation was given at the meeting of the FY20 Municipal Funding Formula and draft requests. There were no changes proposed to the factors used to determine the funding requests. As in past years, the factors were weighted equal to each service's total percentage of the overall operating budget. In FY20 Demand Response services are projected to be 23.6% and Fixed Route is projected to be 76.4% of the overall operating budget.

The formula assumes that the FY20 Operating Budget will maintain current fixed-route service levels and projects a 10% increase in demand response services over the latest FY19 projections. Other assumptions for the FY20 Operating Budget include an overall increase of 3.0% in most budgetary lines over FY19, higher percentage increases in employee benefit and auto liability insurance costs and includes a small consideration of capital needs.

Ms. Walker stressed that Stratham and Greenland should be kept on our radar. Mr. Bogle suggested we need to be growing our Unrestricted Fund Balance in conjunction with our capital funds. Ms. Walker questioned whether we should consider a 3-year average of all the factors given some of the larger shifts we are seeing year to year and thus even out fluctuations over time. Mr. Nichols stated he could make those adjustments and present a revised calculation of FY20 municipal requests at the February meeting of the Board.

Action Required: *That the Board of Directors approve the bottom line FY20 Municipal Funding Request and subsequent municipal requests based on the FY20 Municipal Funding Formula.*

Based on the consensus of the group, the current requests as calculated will be sent out with a letter indicating that the figures requested should be treated as placeholders and that the Board of Directors will be considering a formula using a 3-year average of the factors at their February meeting.

Action Item #4: FSB Line of Credit

After starting discussions with our main banking partner, Federal Savings Bank, during the week of January 7th, on Tuesday, January 15 we were notified by the bank that they were willing to extend a \$500,000 commercial revolving line of credit in order to help us with our cashflow needs through the Federal shutdown. COAST cannot encumber federal assets without federal approval. With the shutdown, we are unable to get approval to do so.

The line of credit offered will initially be available for a 120-day term but may be extended. The interest rate will be Prime plus .50%, floating daily. Repayment terms are interest only monthly, with principal due at maturity.

In order to access this line of credit, COAST will have to provide collateral (junior commercial mortgage on our land and buildings at 42 Sumner Drive) exclusive of the remaining Federal priority interest. The property and buildings will need to provide a minimum 80% LTV, indicating a minimum \$1,000,000 assessed value, including the Federal Government's interest. We will also need to provide a due authority opinion from our counsel.

Access to these funds may prove critical to COAST should the Federal shutdown extend beyond mid-February. We cannot afford to scale back or shutdown as we will lose our workforce under such a scenario.

COAST will focus on payroll, liability insurance, health insurance, fuel and fluids and workers' compensation expenses and may hold off on paying other invoices while the government is shut down.

Action Required: *That the Board of Directors authorize the acceptance of up to a \$500,000 line of credit (and resultant mortgage) with FSB, and for the Executive Director to sign on behalf of the organization.*

Mr. Hebert made a motion to authorize the acceptance of up to a \$500,000 line of credit (and resultant mortgage) with FSB, and for the Executive Director to sign on behalf of the organization, and Mr. Bogle seconded the motion. All voted in favor.

Committee Reports

The Executive Committee met on January 11, 2019 in nonpublic Executive Session regarding a personnel matter and consulted with an attorney regarding a potential future lawsuit.

Discussion Items

Discussion Item #1: COA Progress

Mr. Williams presented an update on the surveying that was completed for the Comprehensive Operations Analysis (COA) this past fall and early winter. Mr. Williams noted that the COA Survey results are mostly focused on requests for more service. Mr. Nichols noted the next step is to provide the COA survey results to the COA Steering Committee.

Mr. Nichols presented an update on a financial analysis relative to the COA. He reminded members that in June of 2020, COAST will have fully spent our CMAQ/NH Turnpike grant funds that have been used to expand Route 2 and Trolley services, enabling 30-minute headways during the peak period and hourly headways during most of the rest of the day. Several changes; NH's demographics, the slow pace of Federal funding growth, the expected loss of FTA STIC funds to the region, the continual strong growth in demand for COAST's ADA services and increased costs to operate, are all serving to put incredible pressure on limited revenues. He noted that to maintain some combination of reasonable service levels in 2021, we would need a combination of notable expense reductions and new revenue infusions. Mr. Williams and Mr. Nichols and other staff are all working to identify all possible options to provide as much service as possible under the constraints of available funding post-June 2020.

Ms. Walker suggested we seek the support of private employers to diversify our revenues. She agreed that messaging will be very important and asked if we have PR services available to us.

Mr. Bogle noted the importance of letters from municipalities to the governor in support of COAST as a recipient of some of the \$200,000 of money NHDOT has put in their FY20-21 budget request for rural public transportation and is currently on the Governor's desk for consideration.

Ms. Walker encouraged the use of PR services to help COAST position itself best given this opportunity to highlight the importance of public transit in the region/state and advocate for additional funding either through the flexing of Federal funds or through the State legislature.

VII. Community Updates/Information Items

Shipyard Joint Land Use Study

The Joint Land Use Study (JLUS) at the PNSY is a planning initiative being undertaken for the Shipyard to assess the immediate areas around the Shipyard and Kittery area to address transportation, housing and other land use issues that may adversely impact military operations as access needs continue to grow. COAST is involved as part of the JLUS Working Group to provide guidance to the JLUS team during the process. The final JLUS document will include recommendations and an implementation plan for identified prioritized actions. The document could be used to support funds directed to address the growing access needs, which COAST is currently part of the solution for. COAST has recently expanded its service onto the Shipyard in the mornings and ridership is increasing.

Tri-City Mayors Taskforce on Homelessness

COAST has been invited and will be taking part in upcoming meetings of the Tri-City Mayors Taskforce on Homelessness and transportation needs.

Ready Rides

COAST was recently notified that Ms. Meri Schmalz is resigning from her Program Coordinator position at Ready Rides. Meri is the sole and original staff member of the organization. Meri has been widely recognized and awarded for her exemplary efforts to start and grow Ready Rides as a critical element of the region's transportation network. The Ready Rides Board had met the previous day to develop an emergency plan for Ms. Schmalz's departure.

SFY20 5310 Regional Coordination Council Grant Application

COAST staff are preparing the application for FTA 5310 funds to support ACT activities in SFY20. The total funds being applied for is \$325,384. These funds will support COAST staff for managing the regional coordination effort in Region 10 (Seacoast), TripLink and ACT and the identified Purchase of Service (POS) activities in the area.

SFY20 5310 Capital Grant Applications

This round four (4) agencies within the region have applied for small buses under this program. Due to that many requests ACT implemented rating criteria based on the coordinated plan and goals for the region. It is assumed that all agencies receiving funds through this program will coordinate their accessible transportation efforts, to some degree, should they be awarded vehicle(s).

Ridership

Available monthly ridership figures are presented in the following chart.

VIII. Adjournment

Mr. Shanahan made a motion to adjourn the meeting which was seconded by Mr. Lentz. The meeting was adjourned at 10:14am.