



**Cooperative Alliance for Seacoast Transportation
Minutes of the Board of Directors
Wednesday, August 27, 2014**

Members Present: Scott Bogle, Kenn Ortmann, Jen Decker, Martin Pepin, Dave Sandmann, Amy Vento, Sylvia vonAulock

COAST Staff Present: Rad Nichols, Brian Deguzis, Jeff Donald, Jenn Hastings, Heather Hesse-Stromberg, Toby Schreier

I. Call to Order

Mr. Bogle called the meeting to order at 8:34 AM. Mr. Ortmann thanked Ms. Walker for stepping in and chairing the last meeting.

II. Approval of Minutes

Mr. Sandmann made the motion to approve the minutes of the July 23, 2014 meeting. Mr. Pepin seconded. The motion passed unanimously with Ms. vonAulock's and Mr. Bogle's abstentions.

III. Public Comment: None

IV. Financial Report

June 2014 Income Statement and Balance Sheet

Mr. Nichols said that our farebox revenue was significantly up in June. Wages were slightly down. Miscellaneous expenses were up due to marketing activities and travel. We hope to be able to start spending our Purchase of Service funds in September, and put more work through the call center. We remain well under budget. Year-to-date, we have seen a gross gain of over \$55,000. The balance sheet shows no significant changes. Our available fund balance continues to grow, since we have had no significant capital purchases.

Liability Insurance

Mr. Nichols said that our insurance broker has just notified us that our liability carrier, Philadelphia Insurance, does not intend to renew our policy as of November 1. Mr. Schreier explained their reasoning. He said that it relates to our

open reserves. Insurance companies set aside reserves to cover incidents that come up. We are judged based on their guesses of how much these incidents may cost in the future. Our reserves have been trending upward, mostly due to non-collision passenger injuries such as slips, trips, and falls. We have one quarter left of FY 2014, and already we have more reserves than FY 2012 and 2013 combined. Mr. Nichols said that any new insurance company would also look at our past experience. We are working with our broker and Philadelphia to drive down the amount of the cash reserves. He added that while Philadelphia is also Manchester Transit Authority's carrier, they are not a traditional public transit carrier. As a result, they may not be very familiar with trends and practices in this industry. He has made contingencies for a significant increase in the FY 2015 budget for the insurance renewal. Mr. Bogle said that perhaps Philadelphia is pulling out of public transit altogether. They declined to bid on CART's business. Ms. Decker asked about our degree of responsibility for a non-collision passenger injury. Mr. Schreier said there is no bright line demarcating responsibility. The insurance companies keep money set aside for three years after an injury, even if no money has been paid out so far. Therefore, those funds are attached to our name for the three year period. Mr. Nichols said that a closed claim was recently re-opened, so that can happen as well. Some transit properties are self-insured, and others work with a risk pool or go out on the open market. Ms. Decker asked if the amount of our reserves were re-evaluated periodically. Mr. Schreier said that at the prodding of our broker, the insurance company has trimmed our reserves.

Bylaws Committee

Mr. Bogle thanked Mr. Sandmann, Ms. Walker, and Ms. Decker for their work on the committee. The committee met in June and again earlier this week. The main intent was to look at board membership, but a number of other adjustments came up in conversation. Mr. Nichols said that we intend to create some guiding documents to supplement the by-laws and spell out roles and responsibilities in greater detail.

He reviewed the proposed changes, starting with a new civil rights section. There is new language proposed that would require that voting Board members represent communities that fulfill their funding obligations, as defined by the Board. The potential number of representatives from social service agencies has been reduced from two to one. A new section about non-voting members has been added. Some clarification about the Board of Directors' responsibilities has been added in Section 4. Mr. Ortmann said that this language duplicates language in Section 5. There was some discussion about the need to call a meeting without the Secretary/Treasurer's approval.

The Executive Director has been given the authority to make small purchases in our approved operating and capital budgets. The order of business was stricken. The committee had a discussion about the quorum and decided to keep it at

seven. Mr. Bogle said that we can make it easier to get a quorum by actively filling open seats rather than lowering the quorum requirement. The committee also proposed a Board Development Committee, which would recruit new members, develop board member orientation materials, and evaluate board effectiveness.

After the revised version has been reviewed by our counsel and the NH Center for Nonprofits, it is intended to be presented for approval at the annual meeting. The Board Development Committee will be tasked with drafting the appropriate supporting documents. Ms. vonAulock asked about the committee to evaluate the Executive Director. Mr. Nichols said that the executive committee was tasked with forming the personnel committee at the July meeting. Mr. Ortmann said that we may want to consider a notice requirement for adding or amending bylaws. Mr. Donald asked if communities in our North Bus service area could be given membership, even if it is non-voting. Mr. Bogle said that the committee felt these communities had membership on the ACT board, and that is the board that determines their funding.

There was a discussion about what “fulfilling the financial commitment” meant. Ms. vonAulock said that the Town of Exeter has not fulfilled 100% of the request about 80% of the time. Mr. Pepin said that the City of Somersworth has no appetite for increasing their COAST funding. No longer having a voting seat on the COAST board would have no effect on City Council. Mr. Bogle said that the intent was not to punish towns for occasional tough budget years, but there should be some sanction for those communities that do not fund COAST at all. It is difficult to determine where to draw the line. Mr. Sandmann said that we also want to find some way to include communities that do not pay now, but may in the future. Ms. vonAulock said that Newington started paying into the system after Tom Morgan began attending meetings. We already have trouble getting a quorum. Mr. Ortmann said that decisions should be made by communities with some skin in the game. After the discussion, the consensus of the members was to strike a requirement for a community to ‘fulfill the financial commitment’ in order to remain a voting member.

Mr. Nichols encouraged all the members to send their feedback about the proposed by-law changes within the next week. Mr. Pepin left the meeting at 9:30 AM prior to the end of the ‘fulfill the financial commitment’ discussion had ended.

Ms. Vento asked if service in Farmington would stop if Farmington decided to stop paying. Mr. Nichols said that potentially the answer was ‘yes’. It would ultimately be a Board decision. He said COAST has limited capacity to raise money to support its operation and there need to be consequences for non-payment. He added that Rochester is currently the only community that allows shelter advertising, which would ultimately drive down the local match request pf all communities. Mr. Ortmann said that Rochester’s request has not gone down, so that advertising is effectively subsidizing other communities. Mr. Bogle said

that appointing alternates is another strategy for ensuring a quorum at every meeting.

Triennial Review

Mr. Nichols said that we did well. We had four total findings in four separate areas. The findings were either already addressed (but not soon enough), or will be addressed by the end of September. He said that Ms. Hesse-Stromberg was absolutely critical in preparing for the Triennial Review. We are in a much better position than we were a year ago. The process of preparing the review shed light on several areas needing further improvement.

There was a short break.

VI. New Business

FY 2014 Budget

Mr. Nichols said that the draft budget has been updated since last month's presentation. We were able to drive the expense growth rate down. The ADA program is expected to grow 20% rather than 25%. We did experience a 4-month period of high ADA ridership, but it has since dropped off. We are also proposing three additional support positions to handle the increased workload, especially given Bob Ruzinsky's additional responsibilities in Ohio. We expect to see an increase in liability insurance. We are also proposing expanded service on Route 2 on Saturday to address capacity constraints.

There was a slide show presentation detailing six potential options.

Mr. Bogle asked how scaling back Route 7 to a commuter service compares to the route's current usage. Mr. Nichols said that a commuter service would involve different users. We would try to work with the community college to serve their riders, since those are the riders most likely to stick around. Mr. Bogle asked about a Clipper Connection service westward. Mr. Nichols said that we cannot effectively serve both Pease and the Shipyard. It would have to be more like Route 20. Ms. vonAulock said that Route 7 has seen positive growth. Mr. Nichols said that in terms of a percentage gain, the growth is positive, but it still remains the weakest performing route on the system. Of the 6 communities on the route, two are not funding the route at all, and one is significantly underfunding. Only Exeter, Newington and Newmarket are fully supporting the route. Ms. vonAulock suggested a subcommittee of those communities to explore additional revenue sources, including shelter advertising revenue, and changes to the route. Mr. Nichols said that shelter advertising in many of those communities will not generate much revenue, and it would require a significant investment in shelters. Ms. vonAulock asked about the fact that we are no longer stopping in Greenland.

Mr. Nichols said that we are still incurring costs for which we cannot recoup revenues. Stratham originally had a concern about the funding formula. Now they are saying that they do not want to fund the service because their residents do not use it. The City of Portsmouth says that Route 7 duplicates the trolley's route through the Tradeport. We could adjust the route to go elsewhere in Portsmouth, but that is not where the riders from the other communities want to go. He would be happy to bring people together, but these communities have independently told us that they will not budge.

Mr. Ortmann said that it was his impression that we have added many staff members over the past few years. Mr. Nichols said that actually only one management level position had been added to the core operation. Where we have been adding staff is for ADA & Bus Operators, Coordination and the TMA. Mr. Ortmann wondered if the new positions could be contracted. Mr. Nichols said that one of the three positions could be considered for contracting out. The other two would be direct support positions for Operations: one for the entire operation and one for the ADA program. One thing the Triennial Review had highlighted was the need for us to beef up our ADA support staff.

Mr. Ortmann said that it would not be a bad idea to host another community leaders summit. Mr. Nichols said that we could consider a summit in late fall.

Mr. Bogle asked about the alternative use for the 5307 funds that currently support Route 7. Mr. Nichols said that those funds could pay for capital needs that are not being covered now, and for services that will come off CMAQ in the future. Ms. vonAulock said that she would like to see how much each additional position will cost, and how much additional money the Route 2 expansion will cost. She said this was the first time she was hearing that Route 7 could be eliminated, and she found it shocking. The boards of selectmen in Exeter and Newmarket need to know. Mr. Nichols said that we have brought up the need to address Route 7 funding at previous board meetings over the past few months. He added that we would not be stopping service September 30th; we would need to provide adequate public notice. Unfortunately there is so little service on Route 7 as it is that there is not much opportunity to tweak the route in a way that would have a notable financial impact.

Mr. Ortmann left the meeting at 10:15 AM.

Mr. Bogle asked if there is significant ridership going to Exeter Hospital. Mr. Nichols said no, although some passengers may use our ADA service or TASC to get there. Mr. Bogle asked for a ballpark figure for the shortfall. Mr. Nichols said he estimated it to be between \$50K to \$70K.

VII. Information Items

Capital Funding Opportunity

Mr. Nichols said that we would be purchasing three 35' heavy-duty buses to replace our three 2001 low-floor Gilligs.

PSNY

Mr. Nichols said that the Gate 1 bridge at the Shipyard is slated for replacement, which will make travel onto the Shipyard even more challenging for the next two to three years. As a result, taking the Clipper Connection is an even more appealing solution.

NHDOT and Concord Coach

Mr. Nichols said that we are still working with the NHDOT to transfer two coaches that the state owns. This would be a huge boost for ridership.

5310 Purchase of Service grant

We have received our amended 2014/2015 contract with NHDOT that supports ACT.

Try Transit Week

Anne Rugg is working with C&J, the Amtrak Downeaster, the East-West Express, and Wildcat Transit to jointly promote Try Transit Week, which is September 15-19. Each provider will have their own programs.

2014 Annual Meeting

Invitations for our annual meeting on September 24th will go out this week. NH DOT Commissioner Chris Clement will be speaking before the business meeting. The Board was encouraged to provide names of other people they would like to be invited. We are inviting the select board chair, the town manager, and the planning directors of each community, along with the mayors as appropriate. The event is not meant to be political.

There is a budget workshop on September 10th.

Ridership

There were no questions about ridership.

VIII. Adjournment

Mr. Sandmann made the motion to adjourn, and Ms. vonAulock seconded. The meeting ended at 10:30 AM.