



**Cooperative Alliance for Seacoast Transportation
Minutes of the Board of Directors
Wednesday, January 22, 2014**

Members Present: Scott Bogle – Chairman, Kenn Ortmann – Vice Chairman, Cynthia Copeland (arr. 8:45 AM), Jen Decker, Marty Pepin, Sylvia von Aulock, Juliet Walker

COAST Staff Present: Rad Nichols, Jeff Donald, Jenn Hastings, Anne Rugg

I. Call to Order

Mr. Bogle began the meeting at 8:40 AM.

II. Approval of Minutes

Delayed due to the lack of a quorum.

III. Public Comment

Mr. Nichols recognized James Nisbet for reaching 5 years collision-free. Mr. Nisbet was unable to attend the meeting today.

IV. Financial Report

November 2013 Income Statement and Balance Sheets

Mr. Nichols stated that we continue to run under budget.

On the expense side, our overtime has been down. Operating staff raises for 2014 go into effect in January. Our fringe benefits are up due to the annual PTO sell-back in November. That payout represented an increase to payroll of around \$55k. Our materials and supplies line is up due to an extra fuel delivery in November.

On the revenue side, we are experiencing very positive farebox revenue growth, and we are on target with local match receipts. We have not billed the state of Maine yet for our service into Berwick. Our federal operating assistance fluctuates based on our experience. We have seen limited progress with our coordination program compared to the levels budgeted. When we developed the

budget we expected Lamprey's transportation service to be dramatically cut back, but this change did not happen.

Mr. Ortmann asked about the blip in fringe benefits due to the PTO sell-back. Mr. Nichols explained that we used to give employees a choice: they could roll over all their PTO hours, or they could choose to sell their hours back down to a minimum of 80. When our attorneys reviewed our personnel policies a few years ago, they brought up a principle called constructive receipt. According to the IRS, if the employee can choose whether or not to receive compensation, the value of that compensation must be taxed – even if the employee chooses not to be paid. To avoid the confusing situation in which employees would be taxed on their PTO balances and then again when they use their PTO, we removed the choice. Now, we will automatically buy back everyone's PTO down to 120 hours at a designated payroll around the holidays.

Mr. Nichols said that the balance sheet shows nothing unusual. Our available funds balance is helpful for cash flow, but it will not support an aggressive long-term capital campaign.

II. Approval of Minutes

Ms. Walker made the motion to approve the minutes from November 20, 2013, and Mr. Ortmann seconded. Mr. Bogle noted that Dan Camara was listed as being present, but it was actually Marc Ambrosi. The motion passed unanimously.

Mr. Ortmann said that the minutes from the December 18, 2013 meeting could not be called minutes, since it was not actually a meeting (there was no quorum). He made a motion to approve the notes from the discussion on December 18, and Ms. Copeland seconded. The motion passed unanimously.

ARRA 1512 Report

Mr. Nichols related that this is our last ARRA report, now that the grant is fully expended. He added that we have benefitted tremendously from ARRA.

V. Old Business

Fare Increase Proposal

Mr. Nichols gave a presentation on a proposal to increase fares on the Clipper Connection bus routes, including background on the service, the original planning behind how the routes would become self-sustaining through the farebox after initial seed funding (CMAQ/Navy) ran out, how Shipyarders receive

reimbursement for their monthly passes as a benefit and experiences to date with the perception of overcrowding.

Mr. Nichols noted that until the end of 2013 there had recently been parity in the commuter tax benefit for public transit and parking at \$245 month, as set by the IRS and followed by the Navy. On January 1, 2014 however, that parity was lost due to Congress not passing a 'tax extender' bill. While there appears to be strong support for reaching parity again, it is not known what a realistic timetable for such a push might be.

Mr. Nichols described costs associated with current services and associated revenue projections at varying fare rate levels (\$120, \$130, \$190 & \$245). Mr. Nichols also reviewed costs associated with a modified set of services and associated revenue projections at the same varying rate levels. While the current proposal is to increase cash fares to \$3.25 and monthly passes to \$130, the revenues (given current ridership estimates) will not be sufficient to achieve sustainability for ongoing operations, in-fact far short. Mr. Nichols discussed how, whatever the rate we set, ridership would evaporate if the pass price was increased above the reimbursement benefit available to eligible Shipyarders. The fare elasticity in this instance is extremely inflexible. Ultimately a combination of increased ridership and fare rates are necessary to make the service sustainable long-term.

Mr. Ortmann asked about outreach to the Shipyard. Mr. Nichols said that we know we have not done much marketing at the Shipyard, but it is very difficult to gain access there. Ms. Rugg has been making new contacts and finding supporters, which will lay the groundwork for a new marketing campaign. The service has grown so far using word of mouth. It is a very unique environment.

Mr. Nichols said that COAST would open a 45-day public comment period regarding the proposed fare increase, starting February 7th. In order to achieve an implementation date around June or July, he hoped the Board could take action on the proposal at the March board meeting. The delayed implementation would be due to the process for signing up for passes. Mr. Nichols reiterated that we would be charging the higher rate so that we can meet demand and retain or increase capacity. Ms. Walker said that raising the price to \$130 would be a logical interim step and would keep the positive momentum going. Mr. Ortmann said that if the benefit maximum can go up, it can also go down. If all our plans are built around \$130 passes and the value of the federal benefit drops, we will be left scrambling. He wondered about adding amenities on the buses, such as muffins and coffee, to generate additional revenue. Mr. Nichols said that Ms. Rugg is working to find out what impact such enticements might have, although there is a cost for those as well.

There was a discussion about possible ways to reach out further to the Shipyard with events, marketing efforts, branded materials, etc.

Ms. Copeland asked if we needed to buy more buses for the Clipper. Mr. Nichols said that we have considered buying 55-seat coach buses. The costs of purchasing such equipment would have to be borne through another separate federal grant however.

VI. Action Items

FY 2015 Municipal Funding Formula Presentation

Mr. Nichols said that the FY 2015 funding requests had already been sent out. Overall there was a small increase in the bottom line over FY 2014, and the impact to each community varied due to the differences in the factors. Ms. Copeland made the motion to approve the proposed local match funding requests for a total of \$568,570. Ms. vonAulock seconded.

There was a discussion about service to Newmarket. Mr. Nichols said that we added a run around 6:40 PM that was previously deadhead. Mr. Nichols told Mr. Fournier that COAST could consider further modifications if the town fully funds the request. Ms. Walker said that she was struggling to approve the funding formula knowing that Portsmouth would likely not fund Route 7 again. There is lag in decision making from community to community. Mr. Nichols said that we need to have those discussions in the late spring or summer.

The motion passed unanimously.

Draft Audit and 990 Form

Mr. Ortmann made the motion to accept the audit as presented. Ms. vonAulock seconded. The motion passed unanimously.

CommuteSMART Seacoast website procurement

Mr. Bogle said that the Executive Committee voted to approve the proposal from Worldways for a price not to exceed \$15,450. Mr. Nichols said that we had a number of responses to our RFP, but only two companies were considered responsive. We evaluated both using the same criteria. Ms. vonAulock made a motion to approve the proposal as presented, and Mr. Ortmann seconded. The motion passed unanimously.

Non-Public Session Under RSA 91-A

Mr. Ortmann made a motion to enter a non-public session. Ms. Copeland seconded. The motion passed unanimously in a roll-call vote at 10:13 AM.

The public meeting resumed at 10:40 AM. Mr. Ortmann made a motion to endorse the Executive Committee's recommendation. Mr. Pepin seconded, and the motion passed unanimously.

Mr. Ortmann made a motion to establish a committee to evaluate the Executive Director no later than July, so that an evaluation can be done around Mr. Nichols' anniversary with COAST in the fall. Mr. Pepin seconded. The motion passed unanimously. Ms. Walker left the meeting at 10:40 AM.

VII. Information Items

Mr. Nichols said that the Town of Farmington has eliminated funding for COAST from their CY 2014 budget. If the voters approve this budget at town meeting, we may need to consider a discontinuance of service to Farmington. We are reaching out to our Route 6 riders to help us paint a picture of the impact COAST service has on their daily lives. Ms. Decker asked how Farmington eliminating support for COAST is different from Greenland doing so. Mr. Nichols related that historically Route 6 has existed to connect Farmington with Rochester. If Farmington no longer wants to pay for that connection, we cannot afford to provide it.

Ready Rides, the volunteer driver program that Mr. Donald fostered in the Northwood area, will be expanding to include Durham, Lee, Madbury, and Newmarket. We now have 17 communities in the region covered by a volunteer driver program.

Ridership is about even with this time last year, despite significantly cutting service last fall. We hope to provide additional statistics in February through a new report.

VIII. Adjournment

Mr. Ortmann made the motion to adjourn, and Mr. Pepin seconded. The meeting ended at 10:50 AM.



**Non-Public Session Minutes
Cooperative Alliance for Seacoast Transportation Board of Directors
Wednesday, January 22, 2014, 10:17 AM**

Members Present: Scott Bogle – Chairman, Cynthia Copeland, Jennifer Decker, Kenneth Ortmann, Martin Pepin, Sylvia VonAulock, Juliet Walker

The Board discussed the performance evaluation and compensation review conducted by the Executive Committee for Executive Director Rad Nichols on January 21, 2014.

Mr. Nichols assumed the Executive Director role six years ago, and it has been two years since his last performance evaluation. Since he stepped into the Executive Director role, COAST has more than doubled in budget and staff size, while salary for the Executive Director position has been held largely level reflecting a series of challenging municipal budget cycles.

The Board reviewed accomplishments of Mr. Nichols and the agency during this period, including record ridership growth, effectively pursuing new sources of revenue including ARRA stimulus funding for fleet replacement, working with member communities to address growing costs related to ADA Paratransit services, initiating new services including the Clipper Connection commuter service in partnership with Portsmouth Naval Shipyard, expanded service on Routes 2 & 40 as part of the Newington-Dover Spaulding Turnpike Expansion, the North Bus and other coordination activities, and the recent launch of commuteSMARTseacoast.

Board members discussed options for implementing a salary increase, as well as COAST's process and timing of performance reviews for the Executive Director position relative to other positions in the organization.

The salary increase considered by the Executive Committee is benchmarked to the NH Center for Non-Profits 2012 compensation survey for Executive Directors (EDs) of NH non-profit organizations with budgets of \$1.0-\$4.9 million, and \$5.0-\$10.0 million. COAST's annual budget is approximately \$5.5 million at present. The COAST Executive Director currently is paid \$38.74/hour. This compares to a median hourly wage of \$40.87 and average hourly wage of \$47.72 for EDs in agencies with budgets of \$1.0-\$4.9 million. For agencies with budgets of \$5.0-\$10.0 million, the median hourly ED wage is \$67.63, and the average \$69.74.

The Executive Committee recommended on January 21, 2013 that the Executive Director's salary be adjusted over a period of two years in recognition of Mr. Nichols performance, and to provide compensation at a level more consistent with non-profit agencies of similar size in the State, with an increase of 9% for the current fiscal year to \$42.23/hour; and recommendation for subsequent adjustment for FY15 to a rate of \$45.67.

Motion by Kenn Ortmann that the Board approve the recommendation by the Executive Committee for an increase in the Executive Director's hourly wage rate of 9% for the current fiscal year to \$42.23/hour, retroactive to October 1, 2013; and recommendation for subsequent adjustment for FY15 to the full target rate of \$45.67/hour. Seconded by Sylvia von Aulock.

Motion passed unanimously.

Motion to leave non-public session and return to public session by Juliet Walker, seconded by Kenn Ortmann. **Motion passed unanimously.**

These minutes recorded by Scott P. Bogle