



MINUTES of 10/16/2014 ADVISORY BOARD MEETING

ATTENDANCE

Name

Representing

PRESENT

William Lehtola
Jarrett Conner
Doug Belanger
Mark Binnall
Kelly Burke
John Ostrosky
David Schiller
Robert Spain

Spencer
Worcester
Leicester
Auburn
Northborough
Shrewsbury
Charlton
Millbury

ABSENT

Leon Gaumond Jr.
Alyssa Graveson
Rudy Heller
Dennis Lipka
Timothy McInerney
Kevin Mizikar
Daniel Morgado
Michael Pantos
Luz Vega
Michael Ward

West Boylston
Douglas
Brookfield
Holden
Grafton
Grafton
Shrewsbury
Rutland
Regional Ridership
Clinton

1. Chairman Lehtola called the meeting to order at 8:31 a.m.
2. **Attendance**

3. Acceptance of Minutes

- Mr. Lehtola asked for a motion to accept the minutes of September 18, 2014.
- **Mr. Conner made the motion and Mr. Binnall seconded.** All other board members voted in favor. The motion was accepted.
- 8:35 a.m. Mr. Schiller joined the advisory board meeting.
- 8:36 a.m. Mr. Belanger joined the advisory board meeting.

4. Administrator Report

- Mr. O'Neil informed the board of the excellent job Mr. Carney's staff did in regards to the incident at Assumption College. Unfortunately, the college experienced a bomb threat and the WRTA assisted with two (2) buses to transport students to the WPI Campus. The occurrence took place at 12:30 a.m. Fortunately, nothing came of the threat and the students returned safely. Mr. Lehtola commented to Mr. Carney how much the board appreciates the work done by his staff.
- Mr. O'Neil introduced Mr. Hargrave who gave a brief overview of the FY`14 year-end Audit. The full report can be reviewed by clicking the following link [2014 WRTA Audit Report](#).
- Mr. Hargrave stated the audit opinion is unqualified which means there were no exceptions and no issues in terms of dealing with management in getting information. Mr. Hargrave commented on many compliance areas and the staff's excellent abilities to document compliance. In his opinion, Mr. Hargrave concluded the WRTA is a good role model for other organizations that need to follow these types of compliances.
- Mr. Hargrave reported the Financial Highlights for the WRTA. The assets of the Worcester Regional Transit Authority exceeded its liabilities at the close of the most recent fiscal year by \$50,508,366. The Authority's total net position increased by \$16,792,151. This increase is due primarily to capital assets acquired through capital grants and state supplemental funding for the accumulated deficit.
- Mr. Hargrave explained the operations are funded annually through state required computation of net cost of service. Except for the establishment of a small restricted reserve, the Authority's funding cannot exceed its net cost of service. However, a deficit can result if funding is not sufficient to cover expenses. For fiscal 2014, the Authority received \$1,234,266 in supplemental funding from the state to reduce the accumulated debt of \$3,146,528 to \$1,912,262. The restricted reserve increased \$114,067.
- Operating revenues totals for 2014 and 2013 were virtually the same, while passenger

fares for fixed route services were down by 1.8%. Non-operating revenues showed federal funding work up above \$1 million in preventative maintenance, while the one-time federal funding for fuel assistance in 2013 wasn't present. Mr. Hargrave mentioned the 2014 preventative maintenance reimbursements substituted for that.

- Mr. Hargrave gave a condensed overview of the key factors in noncapital revenues and expense changes.
 1. Passenger fares decreased by 1.8%.
 2. Demand response contract reimbursements decreased by 2.7%.
 3. State Contract assistance increased by 5.9%.
 4. Fixed route transit services expenses overall increased by 6.5%, due primarily to additional service being provided.
 5. Demand response transit services expenses overall increased by 4.9%, due primarily to increase in services.
 6. Administrative expenses increased by 14.6%, primarily due to increase in professional and other services.
- Mr. Hargrave commented due primarily to the acquisition of new vehicles, land, and expenditures for the new maintenance and operations center, capital activities increased by \$3,551,979 in FY`14. The WRTA original budget increased during the year by \$334,055, primarily for additional fixed route transit services. Total Revenues for 2014 were \$43,778,286 up from \$38,069,825 in 2013. Mr. Hargrave pointed out Mr. Belanger's request for actual expenses on a budgetary basis. In FY`14 fixed route transit service, demand response and customer service were 93% of the expenses -- these all being directly related to transit.
- Mr. Lehtola asked about the 15.6% recorded passenger revenue recorded and Mr. Hargrave stated it was a little bit lower than usual. Mr. O'Neil replied we usually are around 16%. Mr. Hargrave explained the new shuttle service will knock the number down a bit.
- Mr. Lehtola opened the floor to the board members for questions.
- Mr. Conner asked to what degree the audit comprises the view of the operation. Mr. Hargrave explained the financial statements of CMTM, PBSI and Elder bus are included due to federal compliance. This compliance audit has to be done annually. Mr. Conner recommended that the board should be made aware of the sub audits and they should be directed to the Audit and Finance Committee by a motion.
- Mr. Lehtola asked for a motion to have the sub audits directed to the Audit and Finance Committee.
- **Motion: I move that the board have all sub audits directed to the Audit and Finance Committee. Mr. Conner made the motion and Mr. Spain seconded. All other members voted in favor. The motion was accepted.**

- Mr. O’Neil addressed some of the board members’ concerns regarding using more federal dollars in FY` 14 for maintenance. Mr. O’Neil explained there is no risk for over reliance on those maintenance dollars. The WRTA had some unanticipated expenditures which were brought to the attention of the board last year, when the facility opened. He noted it was necessary to go after those funds, but he didn’t foresee any needs in the future. Mr. O’Neil stated to this point, Mr. Coyne and Mr. Carney have been talking about budgets, and added that with forward funding we are in a whole different ballgame.
- The board discussed the balance of the restricted extraordinary expenses account. Mr. Hargrave explained the annual amount can only be increased up to 3% of the prior year local assessment. The cumulative amount cannot exceed 20% of the prior year local assessment.
- Mr. Schiller asked for confirmation regarding the WRTA’s no surplus status. Mr. Hargrave explained the best we can do is break even, unless the state provides supplemental funding. The state has done this over the years from time to time and last year they gave \$1.2 million for the WRTA to retire its previous debts. Other than that exception under MGL C161b, the WRTA gets funded by something called net cost of service expenses minus all your revenues.
- Mr. Schiller commented on the line item, reporting about a \$42,000 dollar increase in advertising revenue for 2014. He asked Mr. O’Neil if this will continue to increase going forward. Mr. O’Neil stated the increase may not be sustainable in the future, given the market we are in. A 100% increase would be \$500,000 dollars and the likelihood of us expecting or anticipating revenues at that level is improbable. Mr. O’Neil commented in comparison to other RTA’s, we are comparable in this area. The strongest advertising selling is the outside placards, as opposed to inside or the bus wraps. Mr. O’Neil suggested, at the board’s request, a RFP can be sent for this purpose, but it must be stated 15% off the top would be taken by the advertiser. Mr. Lehtola asked Mr. O’Neil to canvas the other RTA’s for their advertising figures. Mr. O’Neil agreed to at this week’s upcoming MARTA meeting.
- Mr. Schiller recommended announcements along the route for particular businesses be played. Board members discussed the general feeling it would be too intrusive in regards to the bus stops announcements. Board members discussed stored value and questioned if it was segregated in reporting. Mr. O’Neil replied they are legally required to segregate accrued value, and Mr. Coyne does separate it on our financial statement and we track it.
- Mr. Spain asked what happens if a surplus existed. Mr. Hargrave explained the number of local assessments is pretty much fixed, except for the new service. The state contract assistance number is also fixed, while the preventative maintenance federal funds is flexible and can be used to balance the budget assuming there are eligible expenses as there were in 2014.
- Mr. Lehtola asked if any routes had made money over the course of the past year. Mr.

Hargrave replied, in his experience with the company over the years, routes do not make money. The exceptions were Route 1 and Route 11 which did several years ago.

- Mr. Lehtola also asked if there was anything that could be done to help improve the auditing process. Mr. Hargrave commended Mr. Coyne on the fine job he does as far as federal compliance and mentioned the letter approving the land purchase from Mr. O'Neil helped tremendously in compliance. He stated there was no need for improvement help regarding the auditing process at this point.
- The WRTA Monthly Operations Report was not discussed. The report can be viewed by clicking on the following link. [WRTA September 2014 MOR.pdf](#)

5. Business from the Board

- Mr. Conner commented about the recurring problem of reported early buses, specifically with Route 6. He requested to know if anything has progressed in this matter. Mr. Carney replied checkers were employed to manually verify the time point from the hub. In general, there were three (3) or four (4) buses that left at 6:05 a.m. and the technology was recording them at three (3) separate times. This factor placed them as not-on-time when in fact they were. Ms. Blunt explained it was found the recording of the time from our technology did not match up with the checkers. We only can do things from the hub, so we are working to solve the hub recording technology. We can, when necessary, look along the route and end times. Ms. Blunt stated they will keep the board informed as more information comes in.

6. Business from the Public

- Mr. Lehtola called for business from the public and no one responded.

7. Executive Session - The board went out of open meeting at 9:20 a.m.

- In open session, the Board voted to meet in executive session to review the executive session minutes. The motion for this action was as follows:
- **Motion: I move that the Board meet in executive session to consider the purchase, exchange, lease or value of real property with respect to Quinsigamond Avenue and the review of executive session minutes in regard thereto, with the Board returning to open session to announce any determination made in executive session. A roll call vote was taken to allow the executive session meeting.**
- **Mr. Belanger made the motion and Mr. Spain seconded.** A roll call vote was taken to approve this action: 9:20 a.m.

Kelly Burke	yes
John Ostrosky	yes
Mark Binnall	yes
Doug Belanger	yes
Dave Schiller	yes
Jarrett Conner	yes
Bob Spain	yes
William Lehtola	yes

- The Board Members went into open session meeting at 9:51 a.m.
- The Board moved to confirm the action taken in executive session with respect to the release of the minutes and took action on the following motion:
- **Motion: I move that the Board release to the public the approved executive session minutes related exclusively to the purchase of the Quinsigamond Avenue. A voice vote was taken to approve this action.**
- **Spain made the motion and Mr. Belanger seconded.** A voice vote was taken to approve this action: 9:53 a.m. All voted in favor. The motion was accepted.

8. Adjournment

- Mr. Lehtola asked for a motion to adjourn.
- **Mr. Conner motion to adjourn and Mr. Binnall seconded. All voted in favor and the motion to adjourn accepted** the meeting adjourned at 9:55 a.m.

9. Next Meeting Date

- The next board meeting will be on November 20, 2014 at 8:30 a.m., located at the hub 60 Foster Street Worcester, MA 01608 3rd floor.