



# Cape Fear Public Transportation Authority

**MINUTES OF THE  
CAPE FEAR PUBLIC TRANSPORTATION AUTHORITY BUDGET WORK SESSION  
April 1, 2020  
Mr. Chris Coudriet, Chairman, Presiding**

## **MEMBERS PRESENT**

Mr. Chris Coudriet, Chairman, New Hanover County Manager  
Mr. Sterling Cheatham, Vice Chairman, Wilmington City Manager  
Mr. Kemp Burpeau, Deputy Attorney, New Hanover County  
Ms. Meredith Everhart, Deputy Attorney, City of Wilmington  
Mr. Mike Kozlosky, Executive Director, WMPO  
Mr. Paul Lawler, Wilmington City Council Appointee  
Ms. Laura Mortell, City of Wilmington, Budget and Research Director  
Ms. Lisa Wurtzbacher, New Hanover County, Chief Finance Officer

## **MEMBERS ABSENT**

Mr. Woody White, New Hanover County Board of Commissioners

## **STAFF PRESENT**

Mr. Albert Eby, Executive Director  
Ms. Megan Matheny, Deputy Director  
Mr. Joe Mininni, Director of Finance & Administration  
Ms. Vanessa Lacer, Mobility Manager  
Mr. Cliff Rode, Paratransit Manager  
Ms. Kathy Williams, Customer Service Supervisor

## **CONTRACT MANAGEMENT STAFF PRESENT**

Ms. Noel Fox, Craige and Fox PLLC, Attorney  
Mr. Bill Harned, Area Vice President, First Transit  
Ms. Dianne Jensen, Contractor General Manager, First Transit  
Mr. Jeramy Smith, Contractor Assistant General Manager, First Transit

## **GUESTS PRESENT**

Mr. Mark Aesch, CEO, TransPro Consulting  
Mr. Ehren Bingaman, Principal, TransPro Consulting  
Ms. Tufanna Bradley, Assistant County Manager, New Hanover County  
Mr. Kristopher Browning, Project Leader, TransPro Consulting  
Mr. Bryon Dorey, Assistant Finance Director, City of Wilmington  
Ms. Katie Jurenka, Project Analyst, TransPro Consulting  
Ms. Abby Lorenzo, WMPO  
Ms. Lyndsey Scofield, Principal, TransPro Consulting  
Ms. Martha Wayne, Deputy Chief Financial Officer, New Hanover County  
Ms. Laura Padgett, Citizen

## **CALL TO ORDER**

- Mr. Coudriet called the budget work session to order at 11:06 am

## **ROLL CALL**

CERTIFIED TO BE A TRUE COPY

Secretary - Wave Transit

- Mr. Coudriet conducted roll call with attendance confirmed by members and member designees
- Ms. Meredith Everhart was the designee of board member Mr. Joye

#### **APPROVAL OF MEETING AGENDA**

- Mr. Coudriet presented the April 1, 2020 budget work session meeting agenda
- Mr. Lawler made a motion to accept the meeting agenda as presented
- Mr. Kozlosky seconded the motion and the motion carried

#### **CORONA VIRUS (COVID-19) UPDATE**

- Mr. Coudriet recognized Mr. Eby to provide an update on operational impacts resulting from the novel coronavirus (COVID-19) pandemic
- Mr. Eby confirmed dissemination of communications outlining efforts undertaken by the Authority in response to the coronavirus pandemic
- He confirmed the Authority continues to provide service in accordance with the posted schedule as public transportation services are considered essential
- Mr. Eby confirmed that Seahawk Shuttle services were suspended on March 23<sup>rd</sup>
- He stated safety measures were implemented to ensure adherence with local and state governance orders
- Mr. Eby stated the current fixed route fare structure was transitioned to fare free to facilitate rear door boardings allowing social distancing between customers and bus operators
- He confirmed notifications were strategically placed on seating in all vehicles to encourage spacing to promote social distancing
- Mr. Eby confirmed the interior area of both Forden Station and Padgett Station have been closed to the public; however, outdoor amenities provide a safe and sheltered area for customers to wait for buses
- He stated sanitation and personal protective equipment (PPE) kits were made available to staff and all vehicles and facilities undergo a daily disinfecting regiment by means of a CDC recommended fogging application
- Mr. Eby reported a 25% decrease in fixed route ridership and a 75% decrease in Paratransit ridership since March 1<sup>st</sup>
- Suspension of the UNCW Seahawk Shuttle on March 23, 2020 led to the layoff 17 full time and 2 part time contract bus operators
- He stated the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by congress and signed by the president on March 25<sup>th</sup>
- The CARES Act provides \$25 billion to transit agencies nationwide to help to prevent, prepare for and respond to the COVID-19 pandemic
- Mr. Eby stated the apportionment table from FTA for the funds are pending but anticipated release in the upcoming week
- Ms. Wurtzbacher inquired as to the need for service reductions to align with the decrease in ridership and demand as referenced
- Mr. Eby stated an operational contingency plan has been drafted by staff; however, at this time the Authority continues to monitor ridership levels on a daily basis and service modifications will be implemented if/as needed

#### **FY2020 OPERATING BUDGET UPDATE**

- Mr. Coudriet recognized Mr. Eby to present the revised FY20 budget
- Mr. Eby provided insight as to the objective and parameters for funding under the CARES Act
- He stated funds can be used for operating expenses, compensation for lost revenue, the procurement of personal protective equipment (PPE) and administrative leave
- Mr. Eby confirmed that federal dollars are being issued at 100% with no local match required
- Ms. Wurtzbacher inquired as to the financial impact of the funds on the current budget

- Mr. Eby confirmed the funds are included as a line item in the revised FY20 budget and recognized Mr. Minnini to provide an update on the FY20 operating budget
- Mr. Minnini presented the financial statement as of March 27<sup>th</sup> before proceeding with the proposed budget amendment for FY20
- He confirmed the CARES Act funds in the amount of \$450,000, which is subject to change before adoption, are tentatively included as a revenue line item on the proposed budget amendment
- Mr. Minnini stated the line item amount is a conservative estimate as to anticipated funds and is based upon the Authority's current allocation of § 5307 formula funds
- He confirmed the budget includes the short term loan provided by the city and county
- Mr. Minnini noted a deficit of roughly \$550,000 between the adopted and amended budget
- The Authority continues to work with city and county to reduce this deficit
- He stated the expenditures are reflective of activity pre-coronavirus
- He anticipated an amended budget totaling \$8,332,691
- Mr. Lawler requested confirmation as to the net losses in fare box revenues and contracted services
- Mr. Minnini stated revenues from the University are captured and are reflected in the budget under both contracted services and passenger fares
- Ms. Wurtzbacher requested further clarification as to the items reflected under contracted services
- Mr. Minnini confirmed the contracted services line item includes both fixed route and Paratransit services
- Hearing no further comments, Mr. Coudriet moved to the next item on the agenda

#### **ANTICIPATED REVENUES AND PROJECTED EXPENSES FOR FY2021**

- Mr. Coudriet recognized Mr. Eby to present the draft FY21 budget
- Mr. Eby confirmed the draft reflects a 10% decrease in total revenues and a 3% increase in expenditures for the upcoming fiscal year as compared to the amended FY20 budget
- The budget shortfall for FY21 is projected to be \$1,016,409
- Mr. Eby stated \$500,000 in Surface Transportation Block Grant Program - Directly Attributable (STBGP-DA) funds from the Wilmington Urban Area Metropolitan Planning Organization were removed as a revenue line item in the budget
- He stated that the WMPO was willing to consider a request for STBGP-DA funding in FY 2021
- Mr. Eby confirmed that conversations with the Leland Town Manager revealed that support for Route 204 Brunswick Connector is not included in the Town of Leland's draft FY 2021 budget
- Ms. Mortell questioned if the draft budget maintains current service levels with no modifications
- Mr. Eby confirmed the draft budget does not include any changes to service and service and reductions implemented in FY 20 would remain in place for FY 21
- Mr. Coudriet inquired about the split between contracted services and passenger fares for transportation service provided to the University
- Mr. Eby stated the cost of transportation is captured in auxiliary service fees paid for by students with their tuition
- The Authority contracts directly with UNCW for an established level of transportation services for the fiscal year
- He confirmed UNCW Seahawk Shuttle services are open to the public and vehicles contain fare boxes
- Students are captured as fare paying passengers but do not insert funds directly into the farebox
- Mr. Minnini stated student ridership is translated into a fare paying customer and captured under the farebox line item under operating revenues

- Mr. Coudriet stated the total payment from the University is \$824,000 but inquired about the total cost of providing services
- Hr. Minnini confirmed the service cost as approximately \$1.4 million dollars and stated UNCW reduces the local match required for federal operating funds
- Mr. Eby confirmed that ridership from UNCW Seahawk Shuttle services increases formula funding from FTA and NCDOT
- He stated that State Maintenance Assistance Program (SMAP) funding for FY 21 was unknown and he was in contact with the local delegation in an effort to educate them regarding SMAP
- Mr. Minnini stated the impact of the COVID-19 pandemic on advertising revenues is unknown
- An overview of projected variances in specific line items including utilities, professional services and employee health and general liability insurance was provided by Mr. Minnini
- Ms. Wurtzbacher stated for clarification purposes, the deficit of \$1 million for FY21, as referenced, assumes contributions from the city and county for FY21; however, the deficit will increase to \$1.7 million if loans are not reimbursed
- Mr. Minnini confirmed the statement and stated local subsidies for FY 21 will be decreased by the balance of the loan should funds not be expended in FY20
- Mr. Eby concluded with a summary of capital improvement funding opportunities under the FY19 § 5339 Bus and Bus Facilities Grant Program
- He confirmed capital projects have been placed on hold due lack of identification of local funding
- Mr. Eby confirmed completion of four new shuttles for UNCW Seahawk Shuttle service are included as part of the funding opportunity
- Mr. Eby spoke to a potential lapse in funding, forgoing just over \$263,000 in federal funding, should the grant not be pursued by the conclusion of FY 2022
- The local match for the funding opportunity is included in the draft FY21 operating budget
- Mr. Coudriet solicited questions regarding the draft FY21 budget as presented
- Ms. Mortell clarified the projected deficit as roughly \$1 million assuming no service reductions for FY21
- She asked if it is the responsibility of the Authority or TransPro to provide recommendations on service level changes to close the deficit to provide a balanced budget for FY 21
- Mr. Coudriet acknowledged the inquiry which offered a transition to TransPro's presentation
- Hearing no further comments, Mr. Coudriet moved to the next agenda item

#### **TRANSPRO PRELIMINARY DIAGNOSTIC REPORT**

- Mr. Coudriet recognized Mr. Kristopher Browning, Project Manager with TransPro Consulting, to present the report
- Mr. Browning introduced Mr. Mark Ashe, Chief Executive Officer with TransPro Consulting, to introduce the project
- Mr. Ashe thanked the board and Authority staff for their assistance in preparing the preliminary look into what a reconstituted agency might look like
- He urged the prospect of looking at the cost saving opportunities through the lens of delivering service excellence to the community
- Mr. Aesch identified three pathways or key considerations to service excellence
- The first consideration is one of financial sustainability, meaning how does Wave Transit provide a transportation network to the community that delivers value
- The second consideration is efficient and effective service delivery, and the third is customer experience
- Mr. Aesch stated service efficiency, not ridership, should be used as the metric to define value and success
- He confirmed a key influence driving the deficit is farebox recovery
- Mr. Aesch confirmed the deficit is also driven by the efficiency in services provided

- He expressed the importance of separating UNCW services from community services
- Mr. Aesch confirmed that if service hours were aligned with demand then such changes could cascade to Paratransit operations
- Mr. Browning presented the preliminary report which consisted of elements including *cost savings and revenue opportunity, peer analysis and operational analysis*
- Mr. Coudriet thanked Mr. Aesch and members of the TransPro team for their efforts and information provided
- He recognized that the material provided is a lot to absorb in one sitting and projected follow up questions in the days and weeks following the meeting
- Mr. Lawler requested a copy of the presentation be sent to board members
- Mr. Kozlosky inquired as to whether or not research and identification of other revenue sources including a dedicated funding source was within TransPro's project scope
- Mr. Coudriet stated he believes this comes after the board the city and county determine and agree upon the scale of transit service offerings
- He confirmed that identification of revenue options would come subsequent to the scaling of the organization
- Ms. Mortell inquired about increased contributions on behalf of other local jurisdictions, including the Town of Carolina Beach, for support of transportation services to their community
- Mr. Browning confirmed that the Authority has a process in place to request funding from local partners including the Town of Carolina Beach
- He stated TransPro has not approached these partners directly but recognized this as an opportunity
- Mr. Browning stated Route 301 Pleasure Island was included as part of the diagnostic report because it is considered a low performing route requiring the highest subsidy per customer
- He requested further clarification and direction from the board to effectively shore up recommendations for presentation during the April 23<sup>rd</sup> meeting
- Mr. Coudriet stated he would like to see diagnostics and further analysis of all fixed routes within the system including routes in all three performance categories as referenced in the report
- Mr. Aesch stated the direction received is for recommendations on a more efficient and effective service network that makes sense for the community
- He confirmed the recommendations brought forth during the next meeting will address service efficiencies and provide alternate solutions to delivery of services
- Mr. Aesch stated the need to identify costs savings and provide a balanced budget for the upcoming fiscal year will remain a priority
- Ms. Wurtzbacher stated there is an immediate need to provide a balanced budget for the current fiscal year and present a balanced budget for FY21
- She asked if given the short time frame in meeting the immediate need, how are TransPro's recommendations considered or worked into the budget
- Mr. Coudriet stated in the short term we need a system that responds to the available revenues
- He confirmed that he will need to bring forth a funding recommendation to the County Commission for Wave Transit that reflects loan repayment and presumably assumes no increases in contributions for next fiscal year
- Mr. Cheatham stated that the Wilmington City Council expected the same

#### **FIRST TRANSIT AND ATU 1328 COLLECTIVE BARGAINING AGREEMENT**

- Mr. Coudriet recognized Mr. Harned to provide the update
- Mr. Harned confirmed negotiations with the union are ongoing
- He confirmed that the recent pandemic has contributed, in part, to the delay in parties reconvening at the negotiating table
- Mr. Coudriet asked what it would take for an agreement to be reached and closure brought forth to this item

- Mr. Harned stated the Authority's financial situation prevents First Transit from offering wage and benefit increases the union finds sufficient
- He spoke to industry standards regarding wage increases and confirmed current offerings provide little to no incentive for the union to come to an agreement
- Mr. Harned stated an increase in financial incentives would help to expedite the process and move forward with an agreement
- Mr. Coudriet inquired as to payment of health insurance and the projected increase of 8%
- Mr. Harned attributed the increase to a few high claims and stated the Authority has done their due diligence in securing a provider that offers the most competitive rates
- He referenced identification of a potential cost savings opportunity by transitioning to First Transit's health insurance and stated pricing for this option is being secured
- Mr. Coudriet reiterated that closure on this item would assist in the budget development process
- Ms. Fox spoke to the complexity of labor negotiations and the relationship of each party in the process
- She confirmed the role of the board is to provide direction to staff and First Transit identifying the parameters the Authority is willing to offer the union
- Mr. Harned stated the current budget provides a 1.25% increase which provides little leverage at the bargaining table and little incentive for the union to come to an agreement
- Mr. Cheatham suggested Mr. Eby work with Ms. Mortell, Ms. Wurtzbacher and the TransPro team to determine for next fiscal year, to be applied retroactively, a dollar amount or percentage offering for the purpose of bringing closure to this agreement
- Ms. Mortell and Ms. Wurtzbacher agreed
- Mr. Coudriet moved to the next item on the agenda

#### **ELECTRONIC MEETING SCHEDULE**

- Mr. Coudriet recognized Ms. Fox to present the Rules of Procedure for Electronic Meetings included in the agenda packet
- Ms. Fox stated the policy presented for consideration addresses an alternate, electronic meeting platform which is necessary for the Authority during a state of emergency
- She confirmed the policy has undergone review from city and county legal teams and is compliant with NCGS § 143-318.13(a)
- Ms. Wurtzbacher asked if Section 3(d) references a physical location in which the public can access and asked if this had to be a physical location
- Ms. Fox confirmed that a physical location, Forden Station, is accessible in the event an electronic platform is not an option for a member of the public
- She stated a telephone number is provided in the event a member of the public does not have internet access or is unable to access the physical location
- Mr. Cheatham made a motion to approve the policy as presented
- There was a second by Ms. Mortell and the motion carried unanimously

#### **APRIL MEETING**

- Mr. Coudriet recognized Mr. Eby to provide an update on the April 2020 meeting
- Mr. Eby confirmed the date of the next board meeting as April 23, 2020 and deferred to the board for alterations to the date, time and location of the meeting
- Mr. Coudriet stated a meeting schedule has already been adopted and confirmed an electronic format is consistent with state and local governance orders
- He recommended proceeding with a format of an electronic meeting per the policy adopted
- Hearing no further comments, Mr. Coudriet moved to the next item on the agenda

#### **OLD BUSINESS**

- Mr. Coudriet opened the floor for old business

- Mr. Eby stated he had one item of old business
- He stated that at the February 27, 2020 meeting the board discussed the management RFP
- The board expressed preference in extending the contract with First Transit for one year; however, procurement regulations required the contract be put out to bid and the Authority proceeded accordingly
- He confirmed that proposals in response to the management RFP are due on April 03, 2020
- Under the Emergency Relief Docket released by FTA on March 13, 2020 procurement guidelines have been waived due to the coronavirus pandemic
- He confirmed the Authority is in a position amend the current contract or continue the proposal solicitation process
- Mr. Eby confirmed that if the board was in favor an amendment to the current contract, staff would work with First Transit on a contract extension
- Ms. Wurtzbacher expressed concerns that the recommendations provided by TransPro may not favor an extension of the current contract
- Mr. Eby deferred to Mr. Browning for comment
- Mr. Browning confirmed that TransPro is not prepared to speak to a direction regarding the management contract, however a recommendation could be brought forth at a later date
- Ms. Mortell requested a recommendation from staff and inquired as to whether or not the Authority would be in favor of a one year contract extension with First Transit
- Mr. Eby confirmed that staff would be in favor of a short term extension with First Transit in the form of an addendum
- Mr. Eby and Ms. Wurtzbacher spoke to the importance of the ability for recommendations brought forth by TransPro to be considered in future action
- Mr. Chatham made a motion to authorize the Authority begin negotiations for a one year contract extension with Frist Transit
- The motion was seconded by Ms. Mortell and the motion carried
- Hearing no further comments, Mr. Coudriet moved to the next agenda item

#### **NEW BUSINESS**

- None

#### **ADJOURN**

- Mr. Lawler made a motion to adjourn the April 1, 2020 budget workshop
- There was a second by Mr. Coudriet and the motion carried

#### **SCHEDULING OF NEXT MEETING**

- The next board meeting will be held electronically and is scheduled for April 23, 2020 at 12:30 pm

Respectfully Submitted,



Albert Eby  
Executive Director  
/kw/mm