



Cape Fear Public Transportation Authority

**MINUTES OF THE
CAPE FEAR PUBLIC TRANSPORTATION AUTHORITY BUDGET WORK SESSION
May 28, 2020
Mr. Chris Coudriet, Chairman, Presiding**

MEMBERS PRESENT

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

MEMBERS ABSENT

None

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

Mr. Matt Daniels, Contractor Maintenance Manager, First Transit
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. Jeremy Smith, Contractor Assistant General Manager, First Transit

GUESTS PRESENT

Mr. Ehren Bingaman, Principal, TransPro Consulting
Mr. Kristopher Browning, Project Leader, TransPro Consulting
Mr. Bryon Dorey, Assistant Finance Director, City of Wilmington
Ms. Abby Lorenzo, WMPO
Mr. Tom Pacelli, NHC Senior Resource Center
Ms. Laura Padgett, Citizen
Ms. Yozosne Riley, Citizen
Ms. Lyndsey Scofield, Principal, TransPro Consulting

CALL TO ORDER

- Mr. Coudriet called the meeting to order at 12:34 pm
- The meeting began with a moment of silence

CERTIFIED TO BE A TRUE COPY

Secretary - Wave Transit

ROLL CALL

- Mr. Coudriet conducted roll call with attendance confirmed by all members

APPROVAL OF MEETING AGENDA

- Mr. Coudriet presented the May 28, 2020 meeting agenda
- Mr. Kozlosky moved to approve the meeting agenda as presented
- There was a second by Ms. Mortell and the motion carried

PUBLIC COMMENT

- Mr. Coudriet opened the public comment period
- Mr. Eby confirmed no members of the public were present at Forden Station to offer comment
- Ms. Fox stated a member of the public attending remotely wishes to provide comment
- Mr. Coudriet requested the member of the public state their name and address for the record
- Ms. Yzone Riley provided her address and introduced herself as the Chief Shop Steward for the Amalgamated Transit Union (ATU) Local 1328
- She stated that the Authority was awarded \$6,856,517 in funding under the Coronavirus Aid, Relief and Economic Security (CARES) Act
- Ms. Riley stated the federal funding was provided for to operate, maintain and manage the Authority's fixed route and paratransit operations in response to the COVID-19 pandemic
- She confirmed that costs associated with activities, supplies, materials, labor, sanitation, personal protective equipment and public information in response to COVID-19 are eligible expenses
- Ms. Riley stated costs associated with the securement of equipment for disinfecting rolling stock and the labor associated with cleaning and sanitation efforts are also eligible expenses
- She said the project ensures transit agencies are not burdened with costs to ensure the safety of the travelling public and front line transit employees
- Ms. Riley stated the project also serves to offset losses in fare revenue due to the decrease in ridership and the suspension of fares to facilitate rear door boarding's to allow for adherence with social distancing recommendations set forth by the CDC
- She brought forth the union's request for front line hero appreciation pay, an eligible expense under the CARES Act grant
- Ms. Riley stated the union has communicated what they believe to be a request for appropriate front line hero appreciation pay to the Authority
- She thanked management for providing PPE and stated the Authority plans to install permanent, protective barriers on all the vehicles to protect the operators
- Ms. Riley thanked the board and requested that consideration be granted to the union's request for front line hero appreciation pay
- She confirmed operators risk their lives every day and are fearful of bringing home the virus to their loved ones and expressed appreciation for consideration of this request
- Hearing no further comments, Mr. Coudriet closed the public comment period

CONSENT AGENDA

- Mr. Coudriet entertained a motion to approve the consent agenda
- Ms. Wurtzbacher moved to approve the consent agenda as presented
- Mr. Joye seconded the motion and the motion carried

ROUTE 204 BRUNSWICK CONNECTOR UPDATE

- Mr. Coudriet recognized Mr. Eby to provide a status update on Route 204 Brunswick Connector
- Mr. Eby stated as referenced during the April meeting, the Authority was informed by Town of Leland officials that support for Route 204 Brunswick Connector was not included in the proposed budget for FY 21

- Verification was received that Leland Town Council agreed not to include support for public transportation services in their FY21 budget
- He stated the Authority reached out to the Brunswick County Commissioners and the Navassa Town Council to explain the situation and offer them the opportunity to make up the shortfall in the local match from Town of Leland
- Mr. Eby confirmed both governmental bodies declined to make up the deficit
- Absent a source of local funding, staff recommends undertaking the process of ending service to Brunswick County via Route 204 Brunswick Connector
- Ms. Mortell requested confirmation as to the cost difference in cancelling the route
- Mr. Mininni stated the federal subsidy allocated to the route would be reallocated to support operations of the remaining fixed routes
- Ms. Mortell asked if the cancellation of the route will result in a reduction in force
- Mr. Mininni confirmed a reduction of three contract bus operators was likely and suggested the reduction may be possible through attrition
- Mr. Kozlosky asked if a loss in federal revenues to the Authority is projected from the reduction
- Mr. Eby stated future impacts may be realized by a loss in revenue passengers
- Ms. Mortell asked if collective bargaining issues were expected from the reduction
- Mr. Eby stated that as part of the collective bargaining agreement, operators are furloughed during the summer months when UNCW Seahawk Shuttle services are not in operation
- He stated the reduction in force would not impact current staffing and would be addressed when current furloughed employees return from the UNCW break
- Mr. Coudriet requested clarification regarding the projected savings
- He asked if the savings referenced is the total federal share or the net savings and inquired as to how federal dollars from this route will be redirected to other routes
- Mr. Mininni stated federal and state dollars are reallocated to provide general support for fixed route operations and are not earmarked for a specific route
- He confirmed the projected net savings from the service reduction as \$15,000 after federal funds were reallocated
- Mr. Coudriet asked Mr. Eby if board action was needed
- Mr. Eby confirmed board action is not required at the present time
- He stated that staff will begin the public comment process for suspension of service in accordance with the adopted public comment policy
- He confirmed that the first public hearing will be scheduled for Wednesday, July 22, 2020 at 6:15 pm at the Wave Transit Operations Center, 1480 Castle Hayne Road
- The second public hearing will be scheduled for Thursday, July 23, 2020 at 12:30 pm during the regular meeting of the board
- Mr. Coudriet requested confirmation that services will conclude in August
- Mr. Eby confirmed that August 28, 2020 was the tentative last day of the route
- He confirmed the FY21 budget contains two months of operating expenditures for this route
- Hearing no further comments, Mr. Coudriet moved to the next item on the agenda

OPERATIONS UPDATE

- Mr. Coudriet recognized Ms. Matheny to provide an operational update
- Ms. Matheny confirmed compilation and analysis of ridership statistics during the COVID-19 pandemic
- She confirmed the Authority witnessed a 57% decrease in fixed-route ridership from the State of Emergency Declaration on March 10th to the Easter holiday on April 11th
- Ridership began to trend in a positive direction with a 37% increase from mid-April to the present
- She attributed the increase to the suspension of fares, which occurred on March 25th, and the easement of restrictions under phase I and II of the governor's *Safer at Home* initiative

- Ms. Matheny stated discussions and evaluations for a return to revenue service for fixed route operations and the reopening of transfer facilities are occurring at a staff level
- She stated while dates have not yet been solidified a timeframe of early FY21 is likely
- Ms. Matheny stated the operator compartment on all fixed route buses will be outfitted with permanent protective barriers, as referenced by Ms. Riley, prior to reinstatement of fares
- She stated paratransit vehicles and shuttles used for UNCW services will be installed by the close of July, prior to the resumption of UNCW Seahawk Shuttle services in August
- Mr. Coudriet asked if board action was required for any of the actions mentioned by Ms. Matheny
- Mr. Eby confirmed the informational in nature and no action was required
- He added the Authority will not return to revenue service until the permanent protective barriers are delivered and installation has commenced
- Hearing no further comments, Mr. Coudriet moved to the next item on the agenda

PRESENTATION OF FY21 BUDGET

- Mr. Coudriet recognized Mr. Mininni to present the FY21 budget
- Mr. Mininni directed attention to page 63 of the agenda packet for a copy of the proposed FY21 budget
- He stated the \$8,842,633 budget as proposed represents a 4.25% increase to the amended FY20 budget and is slightly less than the original FY20 adopted budget
- Mr. Mininni stated major assumptions include all services will be operating at current levels, including UNCW
- He stated the budget reflects a tentative conclusion date of August 29th for Route 204 Brunswick Connector
- Mr. Mininni stated the proposed budget reflects a conservative approach in projecting revenue
- He reported a 30% decrease in passenger fares and contracted services, with the exception of UNCW, from FY20 to FY21
- Mr. Mininni stated the Authority expects to operate 16,000 hours of service to UNCW under the contracted rate
- The Authority is prepared to adjust operations and revenues to meet revised service needs as requested by UNCW
- Ms. Wurtzbacher inquired as to when the Authority will receive confirmation from UNCW as to service needs for the upcoming academic year
- Mr. Mininni stated communications with the University are ongoing as UNCW determines its fall 2020 academic calendar
- Mr. Eby states that based on preliminary information from UNCW, the Authority expects to provide service in accordance with levels outlined in the contract
- Mr. Kozlosky asked if it would be in the best interest of the Authority to spend down the CARES Act funding in the event funds are rescinded by the federal government at a future date
- Mr. Eby stated the CARES Act funding has been appropriated to the Authority and rescission is highly unlikely prior to the current end of the period of performance which is March 2024
- He stated FTA formula grants are only active for twelve months and federal revenue allocation is a financial management issue that the Authority has significant experience with
- Mr. Eby confirmed Mr. Mininni has been in communications with Ms. Wayne, Mr. Dorey and the auditors as appropriate management of both formula and CARES Act funding
- Mr. Kozlosky inquired about the plan for expending CARES Act funding through January 2024
- Mr. Eby stated per the agreement with FTA, funds are slated to provide operational support and preventive maintenance activities

- He confirmed the *Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 Implementation Plan* presented during the April meeting outlines the plan
- Mr. Kozlosky inquired as to whether or not CARES Act funds could be used for capital expenses
- Mr. Eby confirmed limited capital expenditures are eligible under the grant; however, the application submitted and approved by FTA is only for operating assistance
- Mr. Kozlosky confirmed that capital expenditures, such as the purchase of revenue vehicles, are not eligible under the grant
- Mr. Eby confirmed this statement
- Mr. Mininni noted negative variances in revenue line items including, STBGP-DA funding, farebox revenue and State Maintenance Assistance Program (SMAP) funding
- He confirmed \$1.3 million in CARES Act funding is needed to offset shortfalls as noted
- Mr. Mininni stated the balance of CARES Act funding remaining at the conclusion of FY21 is anticipated to be \$4 million dollars
- Ms. Wurtzbacher asked if the SMAP funding was discretionary and inquired as to the Authority's confidence level that any funds under this grant would be received
- Mr. Mininni stated SMAP funding is a state budget item and advocacy efforts for SMAP funding continue
- Ms. Wurtzbacher reiterated for clarification that allocations to agencies have fluctuated but the total allocation to the state remains unchanged
- Mr. Mininni stated levels of SMAP funds have remained stable over the years
- He stated the state was working on a formula that would provide some stability and reliability to administration of funds under the program but the effort seems to have stalled
- The Authority has experienced SMAP allocations as low as \$500,000 and as high as \$1 million over the past nine years
- Ms. Wurtzbacher asked if the state had to allocate the money to public transportation
- Mr. Eby stated SMAP funding is appropriated from the highway trust fund to public transportation
- SMAP funds are appropriated in the budget by the general assembly and not at the full discretion of NCDOT
- Mr. Mininni stated eliminating the SMAP program is unlikely given its impact on transit in NC
- He stated confirmation as to the allocation is not received until well after the budget is adopted
- Mr. Coudriet stated that there appears to be a mechanism for the legislature to say it is not going to public transportation systems
- He asked if the Authority would be better served by allocating CARES Act money to cover the SMAP revenues until clear direction was received from the state
- He stated it seems as though the board is being asked to adopt a budget predicated on something that may or may not happen
- Mr. Coudriet stated that he personally wishes not to do that since CARES Act funding is available
- Ms. Wurtzbacher stated this is what may have caused budget issues in the past as revenues included in the budget were never realized
- She stated that although SMAP funds came through, the delay was impactful to cash flow
- Ms. Wurtzbacher stated revenues need to be considered as equal part in the budget and budgeting processes
- Mr. Mininni understood and stated CARES Act funds to address cash flow issues are available
- Ms. Wurtzbacher stated the question remains as to whether or not the Authority would be better served allocating CARES Act as opposed to SMAP funding in the budget
- Mr. Mininni stated this recommendation would be taken under advisement

- Mr. Cheatham stated it would be helpful to learn how other systems in North Carolina budget for SMAP funding
- Mr. Coudriet requested a formal peer analysis SMAP revenue allocation report be prepared for the board
- He stated that the board does not wish to fall victim to past practice of using unsecured revenue as a budgeting method
- Mr. Kozlosky requested a CARES Act funding analysis report
- Mr. Coudriet recognized Mr. Mininni to proceed with his update
- Mr. Mininni summarized variances under the revenue line items of local government, other income, fund balance and loan proceeds
- Mr. Cheatham asked if the reduction under the local secondary government line item is a net effect of the elimination of Route 204 Brunswick Connector
- Mr. Mininni stated that it was
- He confirmed the budget proposal includes a 3% increase in wages for union employees and a 2% increase in wages for Authority employees
- Ms. Wurtzbacher asked if a representative from First Transit could speak to whether or not a 3% increase in union wages would be enough extend the CBA
- Mr. Mininni recognized Mr. Harned with First Transit to address
- Mr. Harned stated the 3% allows First Transit a better opportunity finalize the CBA
- Ms. Wurtzbacher asked for an update to CBA negotiations
- Mr. Harned confirmed a date for the next meeting has not been established and feedback regarding potential meeting dates from the union is pending
- Ms. Wurtzbacher asked for an update regarding a \$15 minimum wage for Authority employees as discussed at the April 23rd meeting
- Mr. Mininni presented an analysis of wage adjustments, reflected in seven different scenarios defined by Ms. Wurtzbacher and Ms. Mortell
- He directed the board's attention to a spreadsheet summarizing the rate adjustments under each scenario and the net budgetary effect
- He confirmed the analysis pertains only to Authority personnel only making less than \$15 per hour
- Mr. Mininni stated the first scenario reflects a 0% increase for employees above the \$15 per hour threshold and a wage increase to \$15 for hourly employees under this threshold
- A budgetary impact of \$157,482 in FY 21 expenditures was confirmed under this scenario
- Mr. Mininni stated the second scenario reflects a rate increase to \$15 per hour for those under this threshold and a 1.5% increase for all Authority other personnel
- A budgetary impact of \$173,262 in increased expenditures was confirmed under this scenario
- The third scenario reflects an increase to a \$15 hourly rate for those under this threshold and a 2% increase for all other Authority personnel yielding a budgetary impact of \$178,569 in increased expenses for FY21
- Mr. Mininni stated the budgetary impacts for implementation of rate increases outlined in scenario three under a two year, phased approach are also outlined in the analysis
- He confirmed scenarios four through seven reflect a percentage increase for all employees, excluding an increase to a \$15 per hour wage for employees currently under the threshold
- Mr. Mininni stated the percentage increases identified in the final four scenarios range from 2% to 2.75% with the budgetary impact illustrated for each
- Ms. Wurtzbacher asked if a vote was needed on behalf of the members

- Mr. Coudriet stated as a point of discussion, it is important that we draw a conclusion today regarding the \$15 per hour minimum wage
- He noted support for an investment in Wave Transit staff
- Mr. Coudriet stated he wanted to reach consensus for the purpose of providing staff a directive on the final budget ordinance
- Ms. Mortell stated the key will be identifying future revenues to support the ongoing expense
- She said with the exception of the CARES Act funding, there have been no increases in revenues for the Authority
- Ms. Wurtzbacher stated it should be noted that the board was directed to develop a plan to provide stability for the Authority and the increase in wages would be included in the final plan
- Mr. Lawler requested clarification regarding employees referenced as operators in scenarios four through seven
- He asked if the increases applied to union operators
- Mr. Mininni confirmed that the operator line item included in each scenario applied only to Paratransit operators who are Authority employees
- As contracted union employees, fixed route operators are not included in the line item
- Ms. Mortell requested verification that the percentage increase under the first three scenarios applies only to employees over the \$15 hourly threshold and the percentage increases apply only to employees currently above \$15 per hour
- Mr. Mininni confirmed the statement
- Mr. Coudriet solicited further comments
- Ms. Wurtzbacher moved that staff include scenario three in the final FY21 budget ordinance
- Mr. Coudriet inquired if the intention is to use CARES Act funding as the revenue to offset the expenditure
- Ms. Wurtzbacher confirmed that was the intent of her motion
- Mr. Coudriet confirmed the motion on the floor by Ms. Wurtzbacher
- There was a second by Mr. Burpeau
- Ms. Mortell requested further clarification as to the budgetary impact of scenario three
- Mr. Coudriet recognized Ms. Wurtzbacher to address
- Ms. Wurtzbacher stated an increase of \$178,569 from the current budget should be reflected in the draft budget for FY21 as outlined in scenario 3 of the compensation report
- Mr. Coudriet called for a vote
- The motion carried unanimously
- Hearing no comments, Mr. Coudriet recognized Mr. Mininni to proceed
- Mr. Mininni confirmed savings under the employee health insurance line item and increases in expenditures in the management fee, professional services, and liability insurance line items
- He confirmed budget revisions are to include wage increases as reflected in scenario three of the wage analysis and review of the SMAP revenue estimate based on a peer analysis
- Mr. Lawler stated federal and state funding is subject to revision based upon the impacts realized from the current health crisis
- Mr. Lawler stated he preferred SMAP revenue remain as budgeted and staff should continue to pursue an allocation consistent with FY 2020
- The budget can be amended at a later date if the SMAP allocation is significantly different than the budgeted amount
- Mr. Kozlosky inquired about the plan for increasing the fund balance to 8%
- Mr. Mininni stated following FY21 and repayment of the loan to the city and county were complete, non-program revenues should be allocated to fund balance

- Mr. Eby added that non-program revenue of up to \$200,000 annually is available and eligible to appropriate to fund balance
- Non-program revenue includes revenues received from advertising, Greyhound and vending
- Mr. Eby confirmed negotiations with Greyhound are underway and spoke to the productivity of the Authority's Advertising Program
- He stated non-program revenues are expected to yield enough funding to exceed the recommended LGC fund balance of 8% by the end of FY 2024
- Mr. Coudriet confirmed that a public hearing on the FY21 budget will take place at the June 25th board meeting
- Mr. Eby confirmed and stated that comments received regarding the budget will be included for consideration by the board at the June 25, 2020 meeting
- He noted a correction to the dates referenced in the budget packet stating the date of the budget workshop was April 1st and not June 1st as referenced
- Hearing no further comments, Mr. Coudriet moved to the next item on the agenda

OLD BUSINESS

- None

NEW BUSINESS

- Mr. Lawler referenced an on time performance measure of 99.96% referenced on the contractor report and requested further information about to how the data is calculated
- Mr. Eby deferred to First Transit for further comment
- Mr. Harned stated Ms. Jensen was absent but the information will be provided at the June 25th meeting
- Ms. Wurtzbacher requested the next meeting be held in person and referenced the need for a closed session
- Mr. Eby confirmed the meeting can be held at the Authority's Operations and Maintenance Center as the meeting space can accommodate social distancing recommendations
- Mr. Coudriet stated an in person meeting is preferred for the budget hearing and if possible a remote could will continue to be offered
- Mr. Eby confirmed the physical location of the June meeting as the Authority's Maintenance and Operations Center located at 1480 Castle Hayne Rd. with an internet option available
- Mr. Coudriet encouraged the board members to attend the meeting in person and reiterated a remote option will be available for guests and members of the public

ADJOURN

- Mr. Joye made a motion to adjourn the May 28, 2020 meeting
- There was a second by Ms. Wurtzbacher and the motion carried

SCHEDULING OF NEXT MEETING

- The next board meeting is scheduled for June 25, 2020 at 12:30 pm at the Wave Transit Operations Center, 1480 Castle Hayne Road, Wilmington, NC 28401

Respectfully Submitted,



Albert Eby
Executive Director
/mc/mm