

## Lowcountry Regional Transportation Authority Board Meeting

September 26, 2012 – LRTA Board Minutes

Vice-Chairman David Blauch called the meeting to order at 2:10 PM.

Roll: Jenny Carter, Fred Harvey, Chris Hutton, David Blauch, Ginnie Kozak, Barbara Childs, Louise Pinkney

Absent: Dick Stewart, Lynette Harley

Also in Attendance: Rochelle Ferguson and Paula Porter, Palmetto Breeze, Lisa Wechsler from Crowley and Wechsler.

### Approval of Minutes – July 25, 2012

Motion to Accept Minutes was made by Chris Hutton; Second Louise Pinkney. Motion Carried.

### Action Items:

1. Lisa Wechsler of Crowley and Wechsler reviews the Financial Audit of Fiscal Year 2011-2012. She states it's a comprehensive Annual Financial Report, which includes an introductory, finance section and statistics. We received the Government Finance Officers Association excellence in reporting award last year and will most likely receive it for this audit. She states we did not have any findings in our accounting practices. Ms. Carter asks if the \$700,000 we have in cash and cash equivalents is designated for any project. Ms. Wechsler states that it's in a reserve account but it is not designated for any capital purchases. Ms. Carter asks if we should look at making some capital purchases. Rochelle Ferguson states we could use it for capital purchases; however we use the funds to cover expenses if needed. Sometimes we don't receive Federal and State contracts until after the start of the new fiscal year and use the funds to cover operating expenses until the contracts are received and signed. Ms. Wechsler states grant funding is getting more difficult to obtain and resources are drying up. Ginnie Kozak states with MAP-21 funding, which does have public transit in it, controls are much stricter. Reporting is more difficult as is local match funds required. This Board and other Boards should think about trying to get the government to forgo the local match, in her opinion. It used to be more flexible with in kind contributions. Ms. Carter states my concern is if you look at it from a grant funding perspective and see a \$700,000 cash equivalent how likely are you to get the funding. Ms. Wechsler states that we are depreciating our assets at \$300,000 a year and in a perfect world we would have the funds to put into a separate fund toward purchasing new equipment when these assets are fully depreciated. When you buy one bus it is a large amount. They are becoming more rigid in the types of vehicles they want you transporting people in. Ms. Kozak states all across the country they are using the smaller cutaway buses. I can also see the State requiring you to use the depreciation that you are putting aside to purchase new capital, instead of showing it as an expense. Ms. Carter asks if we can put it in a restricted fund. Ms. Wechsler states we can restrict some of the funds but it is not legally binding. The Board can change its mind at anytime. Ms. Kozak states that they are going to look at that and say you have no

problems coming up with the local match. Ms. Carter asks if we can mark it for capital purchases, but if it's not being used we can use it for cash flow. Ms. Wechsler states regardless of what you call it, it's still cash. Ms. Wechsler states the GFOA sends a list of suggestions on how we can approve our financial reporting and our list is very small thanks to the work of Rochelle and Paula. Ms. Ferguson thanks Ms. Kozak for some statistics that were needed for the completion of the report.

Motion to approve made by Jenny Carter; Second Chris Hutton. Motion Carried.

2. Paula Porter presents the revised budget. There was a formula error in the addition of the income portion, which resulted in having \$20,000 more income than before. Ms. Kozak asks if there has been a cost analysis on repairs being done outside our facility as compared to repairs done in house. Ms. Ferguson states yes, we did an analysis and it is significantly cheaper to do it in house. Fred Harvey asks if we are currently looking for a diesel mechanic and Ms. Ferguson states, yes, and a detailer/handyman. Nathan Thomas relocated to Missouri with his family.

Motion to approve made by Jenny Carter; Second Chris Hutton. Motion Carried.

3. Ms. Ferguson presents the SCDOT contracts that require signatures. They are our typical operating grants. These are 5316, 5317 and 5311 funding. Section 5311 is for fixed route and demand response service. The 5316 and 5317 funding is for the coordination program.

Motion to approve made by Jenny Carter; Second Barbara Childs. Motion Carried.

4. Ms. Ferguson states we have a local match identification form for the 5316 and 5317 program funding. SCDOT requires us to specify where the funds come from. The form requires Board signature and we submit it to SCDOT. Mr. Harvey asks if we can use this form to bring to Colleton County to spur them to contribute more money. Ms. Ferguson suggests that he use the annual report, which she will give out at the next Board meeting, to bring to the local counties. It has a better visual presentation on how much Colleton County contributes compared to the other counties.

Motion to approve made by Chris Hutton; Second Fred Harvey. Motion Carried.

5. Ms. Ferguson presents the new Jasper County DSN Board which starts Monday, October 1<sup>st</sup>. It is similar to the other routes we have with Jasper County DSN. DSN gave us a vehicle to provide the service. It's a 15 passenger van with 246,000 miles on it for this route. Fred Harvey says the same services are duplicated in Colleton County and other Counties. Can we share some hard numbers on the savings Jasper County has with the other local counties to show them what they could save to help promote this service with the other counties so they can see the savings? Ms. Kozak states that would be helpful; there are other factors involved. Discussion followed.

Motion to approve made by Fed Harvey; Second Barbara Childs. Motion Carried.

6. Ms. Ferguson states she has the Lower Savannah Council on Governments Allendale 5310 for elderly and disabled transportation grant. It is our regular annual grant that pays Allendale County COA and

Allendale-Barnwell County DSN for transportation of elderly and/or disabled residents. I will also have the Allendale contracts for these services that need to be signed by the Board soon.

Motion to approve made by Jenny Carter; Second Louise Pinkney. Motion Carried.

### **Informational Items:**

#### **Director's Report:**

Ms. Ferguson read the highlights of the Director's report. We have received the new 2012 D4000 Motor Coach Industries bus. It has the latest Cummins engine and the Mechanics will receive training. It cost \$519,000. Vice Chairman Blauch states that he and Fred Harvey reviewed the proposal and made the decision to go with Motor Coach Industries. Rochelle has been very busy with coordination meetings and has another one next week. Recently there was another conference call with SCDOT and FTA about the new small urbanized area funding and the MPO. Ms. Kozak states this is the first new MPO in the state in 20 years so no one has had to go through this recently. Ms. Ferguson states she has new regular service brochures and evacuation brochures available if anyone needs them.

Motion to approve made by Chris Hutton; Second Fed Harvey. Motion Carried.

#### **Finance Director Report:**

Paula Porter states that at this time, so early in the year, we are not over budget in any areas so I do not have the budget to actual variance report to read. I could read the Statement of accounts, if anyone wanted me to. Everyone agrees that it is not necessary. She states that local county allocations were high due to The Town of Hilton Head Island paying their allocations all up front. The Administration expenses are high because the liability and vehicle insurance is paid up front for the entire year. Unallocated expenses are high because we covered an employee's health insurance when they were on a leave of absence.

Motion to approve made by Jenny Carter; Second Fed Harvey. Motion Carried.

#### **Chairman's Report:**

Chair Stewart is not in attendance. There is no report.

#### **Committee Reports:**

Louise Pinkney of the Organization Committee states she has been out due to surgeries that she had.

October 5<sup>th</sup> is the next operations review. At the last review, there was nothing major to report, but Fred Harvey states he doesn't have a copy of the last review.

Chris Hutton said the Policy and Planning committee met with Chris Rogers. The department is very busy as they are short employees in the Maintenance Department and they are working very hard to stay ahead of the curve. They are doing a great job in spite of the personnel shortage. The only major

repair they had was an engine failure which they had to send out for repair. They had fire extinguisher training for the whole company provided by the Bluffton Fire Department. One of the things we discussed was vehicle replacement. At \$519,000 each, I'm not sure we are in the place we need to be to replace these vehicles. Some of which has 500,000 miles on them already, although I am sure some of these rigs can go for a million miles. Ms. Ferguson states the last set we purchased had 2 million miles on them when we received them. Not all of them had to be replaced and some of them were purchased by other people and continued to operate them. It is a very expensive product, but also high quality and doesn't need to be replaced often. We can continue to operate these vehicles for 10-12 years. It's a good return on our federal grant investment. Mr. Hutton says that the only weakness I can see is the smaller cutaways. They are very expensive to maintain. Ms. Ferguson states that when the grant funding is available, we do replace them. They are not as expensive to purchase as the larger buses, around \$70,000 to \$80,000 and they have to be replaced more often. Fred Harvey asks if they are diesel and Ms. Ferguson states, yes. Everything we have except for the 15 passenger vans are diesel. SCDOT requested that we justify the continued use of diesel. Vice Chairman Blauch stated initial investment is more for diesel but you get better mileage and parts wear is significantly lower. Ms. Carter asks what the mileage is on the diesel cutaways. Ms. Ferguson states that they go a few hundred thousand miles, but some go to 500,000. SCDOT has a replacement list which states 7 years or 250,000 miles but we continue to operate them if they are in safe operating condition.

Ms. Carter states the Finance Committee review was done on September 18th. We are going to take turns doing the Finance review. November is Barbara Childs turn. We revised the form we use as there was some redundancy on the form. We had two open PO's for service vehicles from June, as we are waiting for the vehicles to come in. The audit was complete and we were waiting on the draft at that time. As you can see by the audit that everything is in good shape and she thanks Paula Porter and Rochelle Ferguson for a job well done.

Chris Hutton states that Dick Stewart, of the Marine Committee, met with some people in Beaufort but he doesn't know what came of it. The community of Daufuskie Island has put a referendum for a special tax district for a vote in November. Mr. Hutton feels there is a 70% chance of it passing. Haig Point isn't a part of it as per their request as they have their own ferry service. If we stick with the current service, rates will get raised and there will be less service and Palmetto Breeze gets to do the administration work.

### **Old Business**

Ms. Kozak states they have a copy of the revised marketing strategy. Dick Stewart looked at it and approved it. Vice Chairman David Blauch states he likes it and it was well written. Ms. Carter states we should accept it as is and we can adjust it later. Ms. Kozak states we do need a budget attached to it. Vice Chairman Blauch states it looks like the military will have a huge part in it.

Motion to approve the marketing strategy made by Jenny Carter; Second Chris Hutton. Motion Carried.

### **New Business**

Ms. Ferguson states that there is Board training on October 2<sup>nd</sup>. Louise Pinkney, Fred Harvey and Lynette Harley will be attending. Jenny Carter, Barbara Childs, and Dick Stewart attended previous Board training.

Ms. Kozak states she received the Veterans Transportation contract awarded November 11, 2011 and we just received it yesterday. We are the only ones in SC who received this grant.

### **Announcements**

Ms. Carter discussed possible holiday get together.

Next meeting is November 28th at Palmetto Breeze at 2:00 PM. Motion to Adjourn: Fred Harvey. Chris Hutton seconds. Adjournment at 3:30 PM.