

**THE COAST RTA-WACCAMAW RTA
BOARD OF DIRECTORS MEETING
APRIL 29, 2015
9:00 AM**

Board Present: Bernard Silverman, Chair
Joseph Lazzara, Vice Chair
Katharine D'Angelo
Nicholas Twigg
Chuck Ottwell
Lillie Jean Johnson
Ivory Wilson
Wilbur James
Robert Sheehan
Gary Loftus
Johnny Vaught

Staff Present: Julie Norton-Dew, Interim General Manager
Felicia Beaty, DGM of Operations – COO
Lynette Nobles, Office Manager/Board Liaison
Doug Herriott, Transportation Manager
Tom Arends, Material Controls & IT Analyst
John Glover, Transportation & Service Planning Manager
Michelle Cantey, Public Information Officer
Kevin Parks, Procurement Manager

Also Present: Brian Piascik, Candidate for General Manager/CEO
Darrell Eickhoff – AARP
Jason Rodriguez – The Sun News
Jim Wiles

In accordance with the Freedom of Information Act (FOIA), the 2014 meeting schedule was provided to the press at the beginning of the 2015 calendar year, stating the date, time and location. In addition, notice of this meeting was provided to the press, stating the date, time, and place on Monday, April 27, 2015.

CALL TO ORDER: Chairman Silverman called the meeting to order at 9:00 AM and welcomed everyone.

INVOCATION/PLEDGE OF ALLEGIANCE: Mr. James gave the invocation. The Pledge of Allegiance was recited.

ANNOUNCEMENT OF QUORUM/ROLL CALL: Roll call was taken. A quorum was present.

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RECOGNITION OF VISITORS: Mr. Silverman welcomed Mr. Eickoff

PUBLIC COMMENT: None

EMPLOYEE RECOGNITION: None

EXECUTIVE SESSION: There was a motion and a second that the board go into Executive Session to discuss a contractual matter. A voice vote was taken and no nays being heard, the motion carried. The board went into Executive Session at 9:04 AM.

There was a motion and a second to come out of Executive Session. A voice vote was taken and the board came out of Executive Session at 10:16 AM. No votes were taken and no decisions were made in Executive Session.

APPROVAL OF MINUTES: It was properly moved and seconded that the minutes of the March 25, 2015 board meeting be approved. There being no questions, a voice vote was taken. No nays being heard, the motion carried.

MONTHLY REPORTS:

By-laws Committee: Ms. D'Angelo, Chair of the committee, announced that the committee will be meeting immediately following this board meeting. She reminded the board that in May, we will take nominations for Vice Chair; and will vote in June.

Operations and Maintenance: Ms. Johnson announced that the committee had attempted to meet, but had not been able to do so. Ms. Johnson turned the meeting over to Ms. Felicia Avant Beaty, who then reviewed the Ridership Report. In the year-to-date comparison, 2015 is down 13.4% from 2014. She attributed the decrease mostly to not extending summer hours in FY2014. Mr. Loftus asked if there was any other reason. She stated that comparing the months of July, August, and September of FY2015, the numbers are down when comparing the same period in FY2014. Dr. Sheehan asked if it is really effective to extend hours on all routes during the summer. Ms. Norton-Dew shared that increasing the frequency didn't work as well as extending the hours in the summer in previous years. Also, the Entertainment Shuttle, in FY2013, ran until 11:00 PM with two (2) buses, where in FY2014, it ran only until 6:00 PM with one (1) bus. Ms. Beaty then explained that we experienced a 5.3% decrease from March FY2014 compared to March FY2015. When comparing March to February, we experienced a 62.4% increase. Dr. Sheehan asked for analysis comparing the month to the adjusted month (i.e. March to adjusted March or February to adjusted February). As always, Route 7 is the top performing route. She announced that during the bike rallies, our buses will not be traveling on the boulevard, but on Highway 17 due to the heavy traffic. She then announced that we would be beginning summer service on June 1, 2015. Route 16 (Georgetown) and Route 1 (Conway) will continue to operate the same hours during the summer. We will also be increasing frequency on Route 7 from one-hour frequency to thirty-minute frequency. We will need to hire 17 operators in order to run summer service. At the present time, we have 27 operators. Also, we will need at least 15 vehicles, with 10 buses as spares, to operate summer hours.

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Regarding the Vehicle Status Report, 811, 813, and 814 are all 2002 models. Currently, there are 20 vehicles up, and we need 25 to run summer service. Mr. Wilson asked about the vehicles showing as having advertising and stated that it doesn't look like we're making any money. Dr. Sheehan asked about the advertising on buses that are down. 40% of our vehicles have met their useful life. Ms. Beaty shared that we are following the State Management Plan, regarding the process to get rid of buses. Mr. Vaught asked why vehicles of the same make and model are showing different percentages for useful life. Ms. Beaty explained that for bus 811, the bus had met its useful life; however, there was a new engine purchased for that bus but was never installed in the bus. It still shows as having useful life because when a bus is taken out of service, the useful life stops until it is put back in service. It was Halsey King's suggestion that we dispose of the bus.

Dr. Twigg asked if we had contacted Miller-Motte regarding recruiting new drivers from their CDL program. Ms. Beaty shared that the discussion has taken place; however, they do not have a lot of participation in the program.

Marketing & Communications: Mr. Ottwell began by saying the Marketing Committee had a good lunch meeting. Ms. Cantey distributed a printout of the different press coverage since last month. She updated the board on press coverage, pass sales, route brochures, media relations, and community relations. It was mentioned that the board should resurrect the CAC, which reports directly to the board of directors. It was requested that the board liaison e-mail the CAC Nomination Form to the board members. Dr. Sheehan suggested that Ms. Cantey's time would be better spent trying to sell advertising rather than collecting the various press clippings.

Interim General Manager:

Finance and Administration – Mr. Lazzara stated that the Finance Committee had a conference call on the day prior to the board meeting to discuss the March financials and reports. Mr. Silverman requested that Ms. Norton-Dew go over the budget and the audit first. She began by reviewing the agenda, showing no action items and no action items update. The Agreed upon Procedures letter from Horry County and the preliminary report from McGregor & Associates were distributed to the members of the board. (The preliminary report was not received by Ms. Norton-Dew until late Tuesday night before the board meeting.) It was stressed that this is NOT an audit, forensic or otherwise. The only area of concern is the separation of duties regarding the interim general manager/chief financial officer. There was a motion and a second to approve the report. Mr. Loftus asked how the board could vote to approve a 28-page document that they haven't reviewed. There was a discussion and the motion was withdrawn. Ms. Norton-Dew shared with the board that she will be presenting the report to the Horry County Council Administration Committee on April 30, 2015. The board agreed that the members of County Council that are also Coast RTA board members, not share this report with other members of Council until the board has had an opportunity to review it. Dr. Sheehan recommended that the administration review the report and reflect on the facts presented in the report. Mr. Vaught added that the auditor was a fact finder only and that the administration should consider the facts and present reasons why certain things are done and consider making adjustments accordingly in other areas. Mr. Vaught stated that what Horry County Council expects and wants from Coast RTA is proactive, aggressive management. Ms. Norton-Dew agreed with Mr. Vaught that if they are asking staff to come back with an analysis of

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what we are doing, that can certainly be done. Ms. Norton-Dew was asked by Mr. Ottwell, when the board could expect her response. She responded that it would be a while, due to some of the items, such as the credit card policy and she would get it to the board as soon as she is able. Mr. Silverman said that he felt the report should be given to the Administration Committee and let them know that our response will be sent to them as soon as it is ready. Mr. Ottwell added that we need to let them know that we will respond within a certain amount of time. The board agreed on fourteen (14) days.

Regarding the FY2016 budget, Ms. Norton-Dew announced that there were revisions as a result of the Finance Committee meeting. Dr. Sheehan expressed that the board needs access to the revised budget. Mr. Ottwell shared that he is still concerned about the amount of money being spent on travel after seeing the credit card statement. Ms. Norton-Dew explained that she had to provide the budget to Horry County on April 15, 2015, and the PowerPoint presentation to them the week prior to the board meeting. Ms. D'Angelo expressed that she felt the board should have seen the budget prior to it being sent to Horry County Council.

Ms. Norton-Dew began reviewing the financials with the board while copies of the revised FY2016 budget were being made to distribute to the board members. Salaries and Wages were under budget due to positions not being filled. Dr. Sheehan revisited his concern with the presentation not following the information in the board packet. Ms. Norton-Dew said that she had e-mailed the presentation to the board the week prior to the board meeting. Mr. Ottwell and Ms. Norton-Dew stated that we are making great strides in paying down debt. In July 2015, our long term debt will decrease by \$160,000. Mr. Loftus stressed that the \$75,000 to SCDOT is deducted from our grants, in lieu of writing a check. Regarding the check register, Mr. Wilson asked about the checks to "Bob Evans", to which Ms. Norton-Dew replied that it was for board lunch, SCDOT training breakfast and lunch for which we will be reimbursed. He then asked about the small amounts (on the credit card receipt) from the airlines. Ms. Nobles shared that those small amounts were refunds for seats. Mr. Wilson called attention to the amount of the check to Conway National Bank (the credit card bill). Ms. D'Angelo asked what is bought using the credit card. Mr. Wilson stated that he was questioning these things in order to understand them. Mr. Silverman expressed that with all the concern regarding travel, he thinks there needs to be a travel budget and then the general manager decides how best to spend that budget. We can't haranguing and wringing our hands every time someone takes a trip. Mr. James said that he has no problem with people being trained; but, the same people don't need to be going to training all the time, everybody needs to be trained. Ms. Norton-Dew responded that in her short-range goals was to make sure that staff was properly trained. A budget was set for training, and employees have attended training.

Ms. Norton-Dew reviewed the Fare Box Recovery for the cost of the Demand Response; with admin, it is \$120 or \$93 without the admin. We pay \$117, after the \$3 fare is paid. This service is mandated. Further, for fixed routes, it is lower, the cost per rider without the admin cost is \$7.33 and our fare box recovery is at 14.6%. Dr. Sheehan asked Ms. Norton-Dew what progress has been made in getting benchmarks relative to our peers. She answered that it is on her list of things to do. She will be working with the intern to get this information. Ms. D'Angelo asked how many interns we have. Ms. Norton-Dew responded that we have two (2). Ms. D'Angelo asked who the interns are, to which she replied that we have Steve and also Maya (Felicia's daughter) who helps us out. Ms. Norton-Dew went on to

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say that we would like to have more interns in marketing and IT.

Going back to the budget. Mr. Loftus asked about the Local Capital Grants; Ms. Norton-Dew said that we take all of the local grants and divide them into capital and operations. Mr. Loftus questioned the \$2 million in local grants as shown in the budget. Ms. Norton-Dew replied that this is the amount requested from the funding sources. She went on to say that the draft budget is based on the requested funds. Mr. Loftus said that he finds it amazing that you're using money that you've requested that you've never gotten to balance a budget. He added that you don't use money to budget unless you've got it locked in and down. Ms. Norton-Dew then said that if we're going to do that, then we'll have to cut Georgetown County services out. Mr. Loftus asked how we've been doing the service. Several board members replied, "In the red." Mr. Loftus told Ms. Norton-Dew not to tell him we would cut the routes because we're already doing the routes. Ms. Norton-Dew reiterated that we are going to cut the routes in Georgetown County if we don't receive more funds. Mr. Loftus then asked what cost has gone up that requires us cutting the routes; not fuel. Ms. Norton-Dew called the board's attention to page 9 (of the budget). Dr. Sheehan then asked if the cost for running the Georgetown route had gone up from FY2014 to FY2015; to which Ms. Norton-Dew replied, "No." Ms. Norton-Dew then stated that we have been cutting the Georgetown service to meet the money that we've been given, with the exception of the last two (2) years. Dr. Sheehan then asked, if we have existed for the last two years, we are going forward, what is the compelling reason to cut it if, in fact, the local payment is not as large as has been requested? Mr. Loftus asked why we're cutting routes when the amount of money we've been receiving hasn't changed. He then said, "Could it be because we're paying back money to the state and the feds, maybe?" Mr. Silverman offered that in the past couple of years, we've used up our capital and we have buses that need to be repaired more. Discussion continued regarding using the numbers for the requested funding to prepare the budget, rather than using the numbers for the funding we actually receive. Ms. Norton-Dew added that deadhead costs for Georgetown are much higher than deadhead costs for Horry County. Dr. Sheehan then stated that an interim administration needs to listen to the board, not dictate to the board what RTA is going to do on the service side. Further, Dr. Sheehan said that he does not detect a consensus of the board wanting to cut Georgetown in half and he doesn't think that is going to happen; and it is his feeling that this does not get presented to the County tomorrow, because it would reinforce the notion that there is dreaming in the budget. Dr. Sheehan went on to suggest to the interim gm and, hopefully, to the incoming gm that we have to be more proactive and transparent and not be putting the thinkers down that we have here. Ms. Norton-Dew apologized to the board saying that she was not dictating to the board or suggesting to the board that we should cut Georgetown County services out. She went on to say that we sent a letter to Georgetown County requesting more money, as has been done for a number of years. Dr. Sheehan responded that he takes issue with the apology because she did dictate to the board what she was going to do, in terms of cuts, if this budget was not realized, and that is out of place for an interim gm without a fair amount of discussion. Let's get this budget put back to proper revenue, realistic revenue is factored into the revenue stream and the necessary cuts basically come out of administration. Mr. James reiterated that the board sets policy and the gm should not make strategic changes without being sure that the board of directors is on board, rather than trying to dictate to or manipulate the board.

Mr. Silverman asked that Mr. Lazzara have a meeting of the finance committee in two weeks; and, Ms. Norton-Dew, we can look back at the budget and present a new budget in May. Ms. D'Angelo

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offered that she doesn't believe Ms. Norton-Dew has done this on her own; she has been told for years that when they have given us the facts, the board has said that we have to do something about this. Mr. Silverman added that Ms. Norton-Dew has done a good job, has done the best she can, and if we need to give her guidance, then we need to do it; I think she will follow our guidance. Mr. Loftus then made the statement that this has gone on year after year for the last few years and perhaps it's the board's fault for not catching it earlier. Mr. Silverman added that a new budget will be coming in May.

APPROVAL OF RESOLUTIONS: None

NEW BUSINESS: None

ANNOUNCEMENTS: Mr. Silverman presented Dr. Twigg with a plaque, to show our appreciation for his service on the board, as he leaves the board.

Mr. Silverman also presented Ms. Nobles with a lovely plant in recognition of Administrative Assistant's Day.

Mr. Loftus suggested that we find a way to shorten board meetings.

Ms. D'Angelo announced that anyone wishing to stay for the By-Laws meeting, please stay. She then announced that the meeting had been postponed.

ADJOURNMENT: It was properly moved and seconded that the Board adjourn. A voice vote was taken. No nays being heard, the Board was adjourned at 1:15 PM.

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