

**CONNECT TRANSIT  
BOARD OF TRUSTEES  
PROCEEDINGS OF MARCH 21, 2017**

The regular meeting of the Board of Trustees of Connect Transit was held at the Connect Transit Board Room #135, 351 Wylie Drive, Normal, Illinois 61761 on March 21, 2017 at 4:30 p.m.

TRUSTEES PRESENT:           Mike McCurdy, Vice-Chairman  
                                      Ryan Whitehouse, Secretary  
                                      John Bowman  
                                      Judy Buchanan  
                                      Lauren Lacey  
                                      Jennifer McDade  
                                      John Thomas

TRUSTEES ABSENT:

CITY MANAGERS:             Mark Peterson, Town of Normal Manager

STAFF PRESENT:             Andrew Johnson, General Manager  
                                      Julie Beer, Executive Assistant  
                                      Isaac Thorne, Chief Operating Officer (COO)

The meeting was called to order by the Chairman at 4:30 p.m. Roll call was taken.

Motion by Trustee Judy Buchanan, seconded by Trustee Jennifer McDade to allow City of Bloomington Assistant City Manager, Steve Rasmussen to participate in the Board meeting.

AYE: All

NAY: None

Motion carried.

**PUBLIC COMMENTS**

None.

**CONSENT AGENDA**

1. Approval of Minutes of Previous Meeting of February 28, 2017 and Executive Session Minutes of November 22, 2016
2. Disbursements for Month of February, 2017
3. Financial Report for Month of February, 2017
4. Capital and Self Insurance Reserve Fund Balances for month of February, 2017
5. Monthly Statistical Report for month of February, 2017

Andrew Johnson, General Manager addressed the Board. He noted that there has been a correction to the FY 16 Statistical Report. A corrected report will be sent to the Board.

Trustee Judy Buchanan questioned the status of funding from the State of Illinois. Andrew Johnson, General Manager responded that Connect Transit was good through the end of the fiscal year. It was expected that a 3<sup>rd</sup> quarter payment would be received in March or April.

Motion by Trustee Jennifer McDade, seconded by Trustee Lauren Lacey that the Consent Agenda be approved.

AYE: All

NAY: None.

Motion carried.

### **OLD BUSINESS**

None.

### **NEW BUSINESS**

#### Appointments/Reappointments to Community Transportation Advisory Committee

Andrew Johnson, General Manager introduced this item. Staff recommended three (3) reappointments and seven (7) appointments. Trustee Judy Buchanan questioned the total number of members to the committee. Mr. Johnson responded a total of 10. There was room to add more if necessary, however, staff preferred a smaller group.

Isaac Thorne, COO, addressed the Board. He stated this CTAC group would focus on the customer experience. It was his intent that CTAC would present their activities to the Board quarterly. Their first meeting would include a Transit 101.

Motion by Trustee Judy Buchanan, seconded by Trustee Jennifer McDade that the reappointments and appointments be approved.

AYE: All

NAY: None.

Motion carried.

### Approval of Bank Signatories

Andrew Johnson, General Manager introduced this item. He stated this item relates to his upcoming separation from Connect Transit. This change removes his name as an authorized signatory and adds Martin Glaze, Operations Manager. Three signatories are recommended since a minimum of two signatures are required on all checks.

Motion by Trustee Judy Buchanan, seconded by Trustee Lauren Lacey that David White, Safety and Training Director, Jenifer Clark, Human Resources Director, and Martin Glaze, Operations Manager be authorized signatories for all of Connect Transit's bank accounts effective March 22, 2017, and removing Andrew Johnson as signatory effective March 22, 2017 be approved.

AYE: All

NAY: None.

Motion carried.

### Authorization to Approve Purchase Requisitions

Andrew Johnson, General Manager introduced this item. He noted that it also relates to his departure from Connect Transit. This item removes his purchasing authority and gives it to Isaac Thorne, Chief Operating Officer.

Motion by Trustee John Bowman, seconded by Trustee John Thomas to allow Isaac Thorne to approve purchase requisitions up to \$50,000, effective March 22, 2017 and to remove Andrew Johnson's purchase requisition authority effective March 22, 2017.

AYE: All

NAY: None.

Motion carried.

### Budget Preview

Andrew Johnson, General Manager introduced this item. Staff is looking ahead several years into the future. Staff has both capital and operating concerns. Isaac Thorne, COO will be providing the Board with a preview of what will be ultimately presented to the Board in the future. He requested that Mr. Thorne provide the Board with an overview.

Isaac Thorne, COO addressed the Board. He provided the Board with the following budget preview:

Below are financial challenges that Connect Transit faces over the next three to five years with the capital and operating budgets. In FY18 Connect will have an unfunded capital need of \$7,650,000

and this will grow to \$8,850,000 in FY19. There is some uncertainty at the State and Federal level in terms of future funding.

## **Vehicle Fleet**

Connect has forty-two (42) fixed route vehicles in the fleet and operates thirty (30) vehicles during peak service. A majority of the fixed route fleet is beyond their useful life and averages fourteen(14) years old and 550,000 miles. Twenty-three (23) of the forty-two (42) buses need to be replaced.

As they age, the operating cost to maintain these vehicles will continue to increase each year, and it is harder to find parts for older vehicles in the fleet. If a major component on a vehicle scheduled for replacement fails, such as an engine or transmission, it will be cheaper to replace the vehicle with a used bus then purchase an engine or transmission.

A majority of the demand response vehicles are also in need of replacement, eight (8) of the thirteen (13) buses need to be replaced in FY19. Connect uses eleven (11) of the thirteen (13) demand response vehicle during peak service and will be receiving four (4) new demand response buses in June 2017. These new buses will allow more flexibility during peak service.

## **Federal Funds**

On an annual basis Connect is apportioned Federal Transit Administration (FTA) 5307 funding that can be used for operating or capital expenses. For the last seventeen (17) years Connect has primarily used FTA 5307 funding for operating expenses. Over the last ten (10) years a larger percentage of the FTA 5307 fund appropriations have been used for operating expenses. In the FY2017 budget Connect is using 79% of the FTA 5307 funds for operating. As operating expenses increase over the next few years, the FTA 5307 allocation will be used solely for operating expenses.

Connect should be allocating FTA 5307 funding to capital for replacement vehicles that are beyond their useful life. In recent years Connect secured a \$2,040,000 FTA discretionary grant for replacement of buses, of which Connect received seven (7) of these vehicles last year.

Last year, Connect submitted an application for a Bus and Bus Facility grant for twenty (20) vehicles and was not successful. Discretionary grants are typically oversubscribed and underfunded. The Department of Transportation estimated a backlog of \$90 billion dollars to bring transit into a state of good repair.

## **Illinois Downstate Operating Assistance Program (DOAP)**

In October 2016, Connect was notified that the Downstate Public Transportation Fund did not have sufficient funds to make quarterly payments to transit agencies. The State of Illinois has not had a budget in almost two (2) years and Connect is dealing with delayed payments up to six (6) months. Without a State budget, delayed payments will continue and put a strain on the operating and capital budget. When Connect does not receive DOAP payments timely, local funds must be used for operating expenses, instead of capital purchases.

## **Downstate Capital Funding**

In 2013, Connect was awarded a \$3 million dollar capital grant to replace nine (9) buses. Connect has tried multiple times to use this grant to purchase buses, but the State does not have the capital funding. There is no timeline from Illinois Department of Transportation regarding when capital funds can be used or if there will be future grant opportunities.

## **Fare Revenue**

In the current fiscal year, Connect has received less farebox revenue due to decreased ridership. A decrease in farebox revenue, increases the amount of FTA 5307 funds used for operating expenses. Additionally, the one way fare has also remained flat since 2007.

Advertising revenue has increased over the last few years, and Connect is exploring ideas to significantly increase advertising revenue in the FY18 budget.

## **Local Operating Funds**

Connect started receiving \$1 million dollars in sales tax revenue in April 2016 from the Town of Normal and City of Bloomington. These operating funds have allowed Connect to provide Sunday service. However, the sales tax revenue is not indexed and each year will represent a smaller portion of overall operating revenue.

## **Summary**

Staff is proactively reviewing various scenarios to lessen future budgetary constraints. Meeting the daily bus requirements for service is a top priority and will be a challenge over the next few years without proper capital and operating funds.

At this time Connect has the FTA 5307 funding to replace six (6) fixed route buses in FY18. To replace these buses, Connect would need to use a large portion of local capital fund, but the local capital funds could already be absorbed for operating expenses, due to not being reimbursed by the Downstate Operating Assistance Program.

Without balanced and stable future funding sources, Connect will likely be forced to make service changes in future years.

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Vice Chairman Mike McCurdy noted that Federal Discretionary Funds were competitive. He questioned if that would remain the same under the Trump Administration. Isaac Thorne, COO responded Connect Transit would not be receiving any funds from the Fast Act.

Trustee Lauren Lacey questioned if the Downstate Operating Assistance Program has been retracted completely or if it is on hold. Mr. Thorne responded that it is definitely on hold. Connect Transit may have to reapply for funds.

Trustee Jennifer McDade noted that good data regarding ridership is being received. This news is very bleak. Staff should be researching and planning, to make sure that Connect Transit is being as creative and efficient as possible.

Vice Chairman Mike McCurdy agreed. He noted the budget timeline is tight. Staff and the Board would need to move aggressively regarding the budget process.

Trustee John Thomas questioned if the Downstate Capital Funds came from a specific fund. Andrew Johnson, General Manager responded that it is a transfer from the General Fund.

Mr. Johnson stated the community needs to be engaged with determining the kind of transit system and service level it desires. The State of Illinois and the Federal government are pushing funding of transit systems to the local communities.

Trustee John Bowman noted the local communities are already funding local public transportation. The Governor has the authority to withhold those funds. He questioned if the Illinois Public Transportation Association (IPTA) was involved with pressuring the Governor to release the funds collected for funding the Downstate Operating Assistance Program. Mr. Johnson responded that IPTA has had a Legislator request that the Attorney General review the Governor's authority to withhold the funds.

Trustee Bowman noted farebox recovery is down Year to Date, by 19%. He stated Connect Transit needs better farebox recovery. Secretary Ryan Whitehouse noted that this issue is a Strategic Plan topic. He questioned if the Board had the tools to raise fares. Isaac Thorne, COO responded one-way fares have not been increased since 2007. Vice Chairman Mike McCurdy noted one of the tools that the Board enacted was the route restructure. The consultant predicted an eventual increase in ridership. Trustee John Bowman questioned if the route restructure was part of the solution or part of the problem.

Trustee John Bowman stated he would be interested in a metric showing the total number of rides that are actually paid for at the farebox. Isaac Thorne, COO stated more Connect Mobility riders are purchasing passes than are paying with cash. Town of Normal Manager Mark Peterson stated he did not disagree that farebox recovery was important, however, it would not solve Connect Transit's State and Federal funding problem. Vice Chairman Mike McCurdy noted that decreasing ridership numbers have been seen nationwide.

Vice Chairman Mike McCurdy questioned the timeline for the budget process. Isaac Thorne, COO responded a Work Session would need to be held in April.

### **GENERAL MANAGER'S REPORT**

Andrew Johnson, General Manager, addressed the Board. He has enjoyed his time working with Connect Transit. It was bittersweet to move on to other things, but he is very happy with the team in place and is very confident that Connect Transit will continue to move forward.

He and Isaac Thorne, COO had recently attended the American Public Transportation Association's (APTA) Legislative Conference in Washington, D.C. Office visits were made to several Legislators. There were good conversations. The big thrust of the APTA message was that the Fast Act should be funded. The appropriations bill needs to be completed. Also discussed was the infrastructure plan that should include public transportation.

Isaac Thorne, COO addressed the Board. He stated there is a bill being proposed by Congressman Rodney Davis, The Small Community Transit Improvement Act, Bill 1501. If passed, the funding would be a huge bonus for small transit systems such as Connect Transit.

Mr. Johnson stated it would be important that as Connect Transit goes forward to stay in touch with local representatives and delegation to find different ways to fund public transportation.

Mr. Johnson informed the Board that Isaac Thorne, COO and Martin Glaze, Operations Manager would be the keynote speakers at the Chamber of Commerce's Business Breakfast Brief at Friday, March 24, 2016 at the Chateau at 7:00 a.m. They will be giving an overview of Connect Transit and some of the challenges it faces. He encouraged Board attendance.

Mr. Johnson thanked the Board for a great 5 1/2 years.

### **TRUSTEE'S COMMENTS**

Town of Normal Manager, Mark Peterson questioned if anyone from Connect Transit would be participating in the One Voice trip to Washington, D.C. Andrew Johnson, General Manager responded no, since staff had just returned from there. Mr. Peterson stated it would be helpful if Connect Transit would provide talking points that the One Voice delegates could take to help spread Connect Transit's message.

Mr. Peterson acknowledged that Connect Transit's funding situation is grave. He noted he has been on the Board for a very long time, and that funding is a recurring discussion. He believed Connect Transit would get through this current situation, however, it should be vigilant and plan for the future.

He noted the changes made in the last several years have been mind boggling. He recollected meetings held at the old location on Oakland Avenue. Connect Transit has a lot to be proud of. He believed it is a fabulous system and everyone should be proud of it. He recognized Andrew Johnson for his leadership.

Vice Chairman Mike McCurdy concurred. He stated all of the accomplishments over the last five years drove him to protect what has been established. Trustee Judy Buchanan agreed. The Board has made such a personal and financial investment in the system. She feels passionate about working through the funding issues. Mr. Johnson agreed. The system will get through this challenge. The Board and the public will determine how.

Trustee John Bowman stated the community will need to make a grass roots effort. The community needs to buy in; they need to understand the value of its public transit system. There is a lot to do. There is a lot at stake. Vice Chairman Mike McCurdy agreed. He hoped the new Community Transportation Advisory Committee would help in this endeavor.

Vice Chairman McCurdy noted the upcoming Strategic Planning session would be held on April 8<sup>th</sup>. It would be a half-day session. Lynn Montei, from Montei Consulting would facilitate. Ms. Montei will be reaching out to the Trustees to schedule one on one interviews prior to the meeting.

After reviewing calendars, the Trustees determined an additional Strategic Planning session would be held on April 19, 2017 at 4:30 p.m. A location would be determined and the Board would be notified of same. A Budget Work Session would be held on May 2, 2017 at 4:30 p.m.

Vice Chairman Mike McCurdy instructed Julie Beer, Executive Assistant to send a follow up email to the Trustees with the upcoming schedule of Strategic Planning and Budget Work Session dates.

Vice Chairman McCurdy stated it had been suggested that an Ad Hoc committee be appointed to research search firms for replacing the General Manager. He has not had time to consider same and would return to the Board with additional information.

## **ADJOURNMENT**

Motion by Trustee John Thomas, Seconded by Trustee Jennifer McDade to adjourn to Executive Session.

AYE: All

NAY: None

Motion carried.

Time: 5:30 p.m.

Motion by Trustee Judy Buchanan, seconded by Trustee John Thomas to return to Regular Session.

AYE: All

NAY: None

Motion carried.

Time: 6:27 p.m.

Vice Chairman Mike McCurdy stated there were two (2) additional action items. The first would be the selection of an Interim General Manager for Connect Transit.

Motion by Trustee Judy Buchanan, seconded by Trustee Jennifer McDade to employ Isaac Thorne, as the Interim General Manager to commence at the end of the business day of March 24, 2017 with an annual base salary of \$112,000 plus retirement costs as indicated in the employment agreement.

AYE: All

NAY: None

Motion carried.

Vice Chairman McCurdy stated the second action item was an agreement with Mr. Andrew Johnson to provide consulting services.

Motion by Trustee Lauren Lacey, seconded by Trustee Jennifer McDade that a three (3) month consulting agreement with Andrew Johnson be approved in an amount of \$2,000 per month, ending on June 30, 2017, with a month to month continuation option, and the removal of Section 5. Expenses, pending legal review.

AYE: All

NAY: None

Motion carried.

Trustee Judy Buchanan congratulated Mr. Isaac Thorne.

Motion by Trustee Jennifer McDade, seconded by Trustee Judy Buchanan to adjourn.

AYE: All

NAY: None

Motion carried.

Time: 6:29 p.m.

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Julie Beer, Executive Assistant