

CENTRE AREA TRANSPORTATION AUTHORITY

BOARD WORK SESSION
MINUTES

March 12, 2013
4:00 p.m.
2081 W Whitehall Rd
State College, PA 16801

BOARD MEMBERS PRESENT: John Spychalski, Chairman
Joe Davidson, Vice-Chairman
Richard Kipp, Treasurer
Tom Kurtz
Tammy Gentzel

STAFF PRESENT: Hugh Mose, General Manager
Louwana Oliva, Assistant General Manager
Kimberly Fragola, Director of Administration
Mark Kutzer, Director of Maintenance
Sherry Snyder, Director of Operations
Eric Bernier, Service Development Manager
Sylvia Rosa-Ortiz, Human Resources Manager
Greg Kausch, Transportation Planner
Marsha Kyper, Assistant to the General Manager

I. Call to Order

Chairman Spychalski called the meeting to order at 4:03 p.m.

II. Public Comment

There was no public comment.

III. Introduction

Hugh Mose stated that, due to their impact on the Budget, the fleet replacement needs, service plan and Transportation staffing situation needed to be considered prior to the review of the line item Preliminary Draft Budget.

IV. Discussion Items

A. Fleet Capital Plan

Hugh Mose provided a brief review of previous fleet plans including the most recent from 2011, which he reported had become obsolete, due to the receipt of grant funding that enabled the purchase of 28 buses within the space of six months, and the elimination of the MAP-21 Bus and Bus Facilities program that provided for discretionary capital grants. In addition, other more compelling capital needs have prevented the setting aside of money in a fleet replacement reserve. The old plan also covered only buses, and CATA has significant vehicle replacement needs for its paratransit and vanpool vans, as well as support vehicles.

Louwana Oliva referenced all of the work her staff had done on the updated Fleet Plan. Mark Kutzer provided a PowerPoint presentation of a new Fleet Capital Plan, and five page spreadsheet, which describe the current situation.

Tom Kurtz inquired about borrowing money and using cutaways as a bridge. The suggestion was made that the availability of used vehicles should be explored.

B. FY 2013/14 Service Plan

Eric Bernier referenced his memo which provided background information and the changes proposed for Community Service Routes R & RE (Waupelani Drive), M (Mall), HP (Toftrees) and W (Valley Vista), to accommodate the ridership that will be generated by the four new student housing complexes which are scheduled to open in August. A request for final approval of the FY 2013/14 Service Plan will be made at the April Board meeting.

A 20 minute meal break was taken at this point in the meeting.

C. Transportation Staffing Plan

Sherry Snyder referenced her memo which described the staffing needs in Transportation and how the management team proposes to reorganize the supervisory oversight of both Operations and Maintenance, the costs of which are included in the Preliminary Draft Budget. The plan includes the replacement of one supervisory position being vacated in May with two full-time Dispatcher positions, and the hiring of an additional Supervisor to cover the late afternoon and evening needs in Maintenance; two members of the current supervisory staff will be designated to work as Interim Lead Supervisors in training, until the return of Dave Effinger from his second military deployment. The Board concurred with the plan.

D. Facilities Maintenance

Sherry Snyder referenced her memo which stated that data available from CATA's vehicle maintenance software confirms that far too many vehicle maintenance staff hours are being consumed in building and facilities maintenance, and at a higher rate of pay than the work warrants, and also that CATA is experiencing ongoing issues with its contracted custodial services. Sherry outlined the proposed plan to create one or more facilities-specific staff positions to address non-vehicle maintenance and custodial services and the associated costs.

The staff affirmed that the person would be subject to drug testing and a physical, in response to Chairman Spychalski's inquiry. Joe Davidson expressed his preference that the position not be a represented position. Sylvia Rosa-Ortiz responded that it would need to be because it is the type of work that is already being done by represented employees and is covered in the labor contract. The suggestion was made to use of temporary cleaning services until the current custodial contract expires and someone can be hired.

The Board approved putting additional funds in the Draft Budget to accommodate the recommended changes, with the staff to come back later with a more complete plan.

E. Subsidies

State and Federal Funding

Hugh Mose reiterated that MAP-21, the new federal transportation authorization bill passed last summer, increased CATA's formula funding by approximately \$500,000, to \$2,560,000, and that the new federal bill also promises 1.0% annual increases, which is the growth shown in the Five-year Projection spreadsheet. Hugh went on to report that as the state's economy recovers, the Act 44 "catch-up" provision has resulted in state funding growth in the current year of over \$400,000, to \$3,760,000. Because PennDOT contacts are not willing to make any predictions concerning next year's allocation, no additional state assistance has been included in the Preliminary Draft Budget.

Local Shares

Hugh Mose reported that in response to direction provided at the Board's Planning Work Session in January, during the February meeting of the COG Finance Committee, the staff had approached CATA's municipal funding partners about a 5% increase. With no objections being voiced by the majority of the Finance Committee members (aside from the Ferguson and Harris Township representatives), another 5.0% local share increase has been included in the Preliminary Draft Budget. Hugh stated that the vagaries of the Miller Formula will cause the municipalities' and the University's individual shares to change relative to one another, so it will not be an across-the-board 5.0% increase.

F. Operating Revenues

Fares, Token Prices and Pass Rates

Hugh Mose reported that three years ago CATABUS fares, token prices and pass rates, as well as CATARIDE fares were increased. At that time deeper discounts for the purchase of multiple rides, which had the effect of driving up the use of tokens and passes, were instituted. As a result, in August of 2011 prices for both rolls of tokens and OnePasses were increased, as well as the fare on the Football Shuttle. In July of 2012, the Shared Ride general public fare was increased from \$13.35 to \$16.65, which caused the senior fare to rise from \$2.00 to \$2.50.

Hugh Mose further reported that another Shared Ride fare increase, from \$16.65 to \$20.00, is proposed for this July. Because the senior fare is set at 15% of the general public fare, the effective rate will rise from \$2.50 to \$3.00. This change will have two benefits. First, it will allow CATA to capture additional State Lottery funds to help cover the cost of the service, and at \$3.00 the senior fare will be the same as the fare for persons with disabilities, which has been at that rate since 2010. No other fare increases are recommended for this year.

Since the Board had already given its approval to the proposed increase, there was no further discussion.

Penn State

Hugh Mose reported that the staff had met with Teresa Davis to discuss the potential increase that CATA might expect in funding from Penn State, at this point it is expected that LOOP and LINK service will continue at the current levels, with an increase in the hourly rate by 5.0%, to \$62.22 per revenue hour. Hugh reminded the Board that even at the higher hourly rate the Penn State payment still will not cover CATA's direct costs nor support overheads, but the inclusion of the Campus Service in operating statistics helps qualify CATA for up to \$1.0 million in additional state and federal funds.

Hugh further reported that Penn State also heavily subsidizes the Ride-for-Five program, for which current rates will remain in effect for another year, and that the amount the University pays to support the CATACOMMUTE program, \$34,878, is expected to increase 5.0%.

Apartment Contracts

Hugh Mose reported that as a result of all 15 apartment complex contracts having been moved from a flat fee, negotiated in advance, to per-ride pricing, and continued strong ridership growth among apartment pass riders, again this year CATA's Purchase of Service revenue is running way ahead of budget. It is anticipated that the per-ride rate will be increased by a small percentage each year, but will remain substantially below the base fare because the apartment complexes can be served so efficiently, and with trips that are typically short.

Hugh Mose went on to state that with four new complexes coming on line this fall, and several more in the planning stage, CATA could be reaching the point where it cannot afford to commit any more service to this market. Alternatively, we could impose steep increases in the per-ride rate, which likely would invite apartment complexes to abandon CATA in favor of their own bus service, or to contract with an outside entity.

G. Compensation for Non-represented Employees

Sylvia Rosa-Ortiz reported that in order to ascertain current market values, she had gathered salary survey data from the following Centre Region governmental entities: College, Ferguson, Halfmoon, Harris and Patton Townships; State College Borough, Centre County, the Centre Region Council of Governments, the State College Borough Water Authority, and the University Area Joint Authority. The survey showed that for 2013 the municipalities are granting increases that average 4.2% - 2.2% COLA and 2.0% Merit Increase.

Sylvia Rosa-Ortiz presented a Merit Pay Grid. Chairman Spychalski requested that consideration be given to changing the wording in the Merit Pay Grid descriptions from "expectations" to "specified performance objectives" and that "did not fully" to "partially."

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Hugh Mose stated that he, Sylvia, and Louwana are recommending that for FY 2013/14 CATA:

- Adopt a 0.0% COLA, but increase the value of all cells in last year's Merit Pay Grid (other than those for unsatisfactory performance) by 1.0%. This will allow more discretion in percentage increases and a better link between pay and performance.
- Adjust all of the ranges in the salary schedule by 3%, to keep our overall pay table more in line with the overall market. The only effect this will have on salaries is in those few cases where the upward shift in the pay range results in an individual dropping to a lower quartile.

Hugh Mose stated that the staff is forecasting that the annual compensation adjustment for non-represented employees will have an overall impact on the Budget of approximately 4.0%. The Board concurred with the recommendation.

H. Line Item Budget

Kimberly Fragola referenced the FY 2013/14 Preliminary Draft Budget and her narrative that provides explanations for those line items which differ significantly from either this year's budget or the projected amount for the current year. A revised five-page Draft Budget will be presented for approval at the March 25th Board meeting.

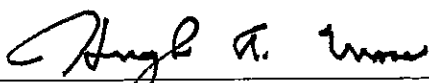
I. Five-Year Projections

Kimberly Fragola referenced her spreadsheet that shows the staff's current projections of CATA's revenues and expenditures for the next several years, similar to what the Board viewed at the Planning Work Session in January, which project a gradual increase in operating revenues, slight annual growth in service, and the setting aside of \$500,000+ of federal formula allocation for capital acquisitions.

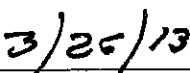
Hugh Mose concluded by reporting that on the capital side, failing an increase in state funding, CATA will have a difficult time keeping up with its vehicle replacement and other capital reinvestment needs.

V. Adjournment

Chairman Spychalski adjourned the meeting at 8:02 p.m.



Hugh A. Mose, Secretary



Date