



**Cooperative Alliance for Seacoast Transportation
Minutes of the Board of Directors Meeting
Wednesday, August 26, 2020**

Per RSA 91-A:2,III(b) the COAST Chair has declared the COVID-19 Outbreak an emergency and has waived the requirement that a quorum be physically present at the meeting

PRESENT: Scott Bogle (Arr. time unknown), Arthur Capello, Adam Causey, Denis Hebert, Margaret Joyce (Arr. 8:32), Valerie Labrie, Colin Lentz, Marty Pepin, Dave Sandmann and Dennis Shanahan

ABSENT: Steve Fournier, Michael Scala, Dave Sharples, Maria Stowell, Juliet Walker, Shelley Winters, and Thomas Wright

STAFF: Rad Nichols and Michael Williams

I. CALL TO ORDER AND INTRODUCTIONS

The meeting was called to order at 8:30am. Each member identified themselves, their location and whether anyone was in the room with them and listening contemporaneously.

II. APPROVAL OF MINUTES

Mr. Lentz made a motion to accept the minutes as presented and Mr. Capello seconded. All voted by roll call.

Mr. Capello	Yes
Mr. Causey	Yes
Mr. Hebert	Yes
Ms. Labrie	Yes
Mr. Lentz	Yes
Mr. Pepin	Yes
Mr. Sandmann	Yes
Mr. Shanahan	Yes

III. PUBLIC COMMENT

None.

IV. FINANCIAL REPORT

JULY FINANCIALS

In July, fares continue to run under where we were pre-COVID, but we had a good month in terms of Advertising collections again in July. Mr. Nichols anticipates Advertising revenues will go back

down in August and September. Municipal collections continue as expected and federal assistance continues to be up as we have been granted flexibility through the 5307 Emergency Relief program or funds through the CARES Act. Other State/Local Assistance bounced back up as we finished up our accounting with bigger projects through NHDOT. Coordination funding is rising as demand has risen. Wages were higher in July as we got back to full service and fringe benefits were higher as we entered vacation season and more Paid Time Off (PTO) was used which is reflected in the fringe benefits line. Contract services were up quite a bit which reflects how well ATA did in collecting advertising revenues. Materials and Supplies were higher because we started purchasing materials for an engine rebuild and we had more fuel drops than usual. Everything else was consistent with how things have been trending. We ended the month with a gross gain of nearly \$40K when we factor in the local share depreciation.

The Income Statement reflects that we are 5.3% under budget in revenues and 10.3% under budget in expenses through the first 10 months of the fiscal year. Year-to-Date we have a gross gain of just under \$100K after we factor in local depreciation.

Under liabilities "other", there are some notable differences between July and June's reporting due to invoicing of communities' local share. Requests fall under local funding unearned when they are sent out and are shifted into revenues when we receive the checks. We ended the month in just over \$1.1M in available funds.

Mr. Capello asked if we are in such a good position because we are spending the CARES funding versus the budgeted money. Mr. Nichols confirmed that that is part of it, combined with lower expenses overall. Mr. Nichols noted that he has spoken with communities about the possibility of returning some funds because of not being at full-service levels. Mr. Nichols will work with our Accountant on those calculations to see what we may be able to do in terms of crediting back funds to certain communities/partners.

Mr. Capello noted that Farmington would rather see a credit on their bill versus getting money back. Mr. Lentz reported that the Executive Summary was very helpful.

V. OLD BUSINESS

New System Launch Update

We saw much improved on-time performance results for most of the redesigned routes in July. The routes that are not meeting our goal of 90% are all being watched. They are Routes 1, 34 and 44. We have some ideas for improving all of those. For Route 1, we are looking at possibly partnering with Dover and Somersworth on Traffic Prioritization Signals (TPS) along High Street corridor and Indian Brook Drive to Weeks Crossing. Mr. Williams noted that the use of TPS would save us 5-6 minutes a loop which is significant. For Route 44 the biggest issue is the bridge, because when the bridge is up, we get behind. Route 44 and 42 runs in a loop and Route 42 is doing well on on-time performance so when Route 44 falls behind it catches up before it does Route 42. Mr. Sandmann noted that Michael Williams has done a great job with redesigning the route. Mr. Hebert agreed that Mr. Williams has done a great job.

State of Maine Funding

In a recent meeting between COAST staff, the Town of Kittery and Maine DOT, the Town and COAST were invited to submit a joint letter, formally requesting approximately \$66K for a two year "pilot project" to support our redesigned services to support the PNSY and Town. These funds would come from the State's multi-modal fund. The request is being made due to PNSY's inability

to find a mechanism through which they could provide non-USDOT funding in support of our operations. Should this request not be successful, we would likely need to propose the elimination of Route 100, and other potential associated shifts in focus for our services. Mr. Williams has been working on some tweaks to the service schedule to meet the Shipyard's new schedule that appears to be what they will continue with for some time yet.

CARES ACT Funding Fully Released

Mr. Nichols provided the CARES Act – remaining 5307 split request letter from NHDOT as part of the Board Packet. COAST's CARES Act funding will be just over \$5.2M, which will be critically important to our recovery from already incurred and anticipated revenue losses and added expenses related to the pandemic.

VI. NEW BUSINESS

Action Items

None

Committee Reports

Executive Committee – has not met since its last meeting on June 10.

Board Development Committee (BDC) – Mr. Sandmann reported that the BDC met on August 13 and looked at its charges and will meet again soon to continue with its work as determined by the Bylaws and Strategic Plan. The BDC is also looking at a Bylaws amendment regarding Board membership that will be presented at the September meeting.

Legislative Committee – Mr. Sandmann reported that the Legislative Committee met on August 12 and is working on outreach strategies to better educate elected officials on COAST's operations and our needs.

Policy Committee – is holding off on meeting until meeting in person is possible. There are no policies in imminent need of review.

Nominating Committee – The Nominating Committee presented its report at the July meeting and we will be voting on the slate at the Annual Meeting.

Discussion Items

Discussion Item #1: DRAFT FY21 Operating Budget

Mr. Nichols presented the DRAFT FY21 Operating Budget which is based on a combination of FY19/FY20 actuals or FY19/FY20 budgets, depending on how much COVID impacted each line-item, and then anticipated adjustments were applied to those figures. The total base FY21 Operating Budget is projected to be \$6,102,769 compared to FY20's Operating Budget of \$6,519,258. This represents an overall budget decrease of \$416,489 or a decrease of 6.4%.

Expense growth rate factors ranged from 1%-10% over previous projections or actuals using a base inflationary rate of 2%. This includes several expenses that were budgeted in FY20, but were pushed off due to COVID, as well as new costs associated with safe operations during the pandemic.

Service projections for fixed route services include all services launched on June 29, 2020 and a reduced special event shuttle scheduled in Portsmouth. Service levels and ridership for each demand response service are projected differently because each were impacted differently by the pandemic. There continues to be a very successful partnership with Portsmouth for COAST managing and operating their Senior Transportation program.

Revenue adjustments are conservative. We are anticipating a slow increase in ridership over the course of FY21. Our projection is that we will go back to an overall average of 75% of pre-pandemic rider levels by the end of the budget year. Advertising revenue is based on ATA's latest projections. Interest and other income are projected to increase by \$2,000 due to adjustments in our fleet size based on vehicle retirements and anticipated dispositions.

We do not anticipate any state funding from NH as operating funds for SFY21 are frozen and are not expected to be released. We are currently working with Kittery to raise funds from the State of Maine (approx. \$32,500). Federal funding will include a mix of 5307 small urban, large urban and CMAQ funds which are all revenue driven. CARES funding will be used to fill any revenue gaps though none are projected in the budget as it stands.

On the expense side, wage projections were based on FY20 actuals and filling all vacant staff positions. This includes wage adjustments of 1% though some will be higher due to annual step increases. For fringe benefits, we expect another larger increase in health insurance costs for FY21. We are significantly under budget for FY20, so we are projecting a 10% increase over the FY20 budgeted figure.

Contract services are based on FY20 actuals with adjustments for anticipated costs based on experience.

Materials and supplies are projected based on FY20 actuals, but much of our major vehicle work budgeted in FY20 did not occur and was pushed into FY21. We also have higher costs now for PPE and cleaning/sanitizing.

We are projecting a 4.5% increase in insurance costs over FY20. For non-auto related insurance coverage costs, we anticipate a 5% increase in costs over FY20 and we projected auto-related coverage costs using FY20 actuals with adjustments for a reduced fleet size in FY21. This might have been a substantial increase in the FY21 budget, but we are hoping to be able to hold steady for auto coverage, and could possibly see some cost savings, due to reductions in fleet size in FY21.

Miscellaneous expenses are projected based on FY20 actuals with adjustments based on the pandemic experience. Planning and Marketing expenses will be reduced by approximately 50% due to the completion of the Comprehensive Operations Analysis (COA). ACT/Coordination projections are based on the draft ACT budget and represent a 3.8% increase to the program.

Mr. Shanahan asked about what happens if there is a gap due to municipal funding not coming in at the level we are requested. Mr. Nichols noted that CARES funds would be used to fill that gap, but it would be at the expense of our longer term financial health. He also noted that COAST will be making a significant effort to watch expenses.

Mr. Hebert noted that Newington is being significantly impacted due to businesses not paying their taxes and declaring bankruptcy. He also noted that Newington is losing \$100M worth of assessed value due to the new power line that came through.

Mr. Bogle asked about the \$200,000 for transit operating assistance which he thought was specifically earmarked in the NHDOT budget. He wondered how NHDOT could now decide to not spend that since the legislature directed how that would be spent. Mr. Nichols noted that he believed all general funds in the NHDOT budget have been frozen, and transit funding is one of the major uses of general funds in NHDOT's budget.

Mr. Lentz asked for clarification on whether the federal funding line includes CARES Act funds. Mr. Nichols noted that they were not needed in this budget. Mr. Nichols confirmed CARES Act funds are funds available for pandemic-related expenses and there is no time-limit on their use. Additionally, CARES funds can be used for operational or capital expenses. We have around \$5M available in CARES funds with the first half being obligated in May and the second half is being obligated based on the split letter. We have submitted the grant and are about halfway through that process.

Expenses with anticipated increases in FY21 are fringes and utilities. We anticipate a decrease in FY21 expenses in wages, contract services, materials and supplies, miscellaneous items, planning and marketing and insurance. Mr. Nichols indicated he would not be surprised if we need to do a budget amendment in FY21 due to the amount of uncertainty around COVID.

Mr. Nichols noted that the 1% increase in wages will vary because so many positions are paid on a scale. Wages for operators would still represent the mid-to-low wage compared to the market. Mr. Williams noted that there are not a lot of open positions in the market right now.

Ms. Labrie noted her appreciation of Mr. Nichols' efforts on the budget and his detailed explanation. She noted it all makes sense to her.

Mr. Nichols offered to hold a Budget Workshop in September, if needed.

VII. COMMUNITY UPDATES/INFORMATION ITEMS

Mr. Nichols provided Ridership data through August 10th. The fixed route ridership numbers are hovering around 52% of pre-COVID level ridership. The demand response ridership numbers are getting close to 65% of pre-COVID level ridership level.

Mr. Capello asked if we saw any growth in ridership once the additional unemployment benefit went away. Mr. Nichols indicated we have not seen any identifiable impact from that change.

Mr. Pepin thanked Mr. Nichols for all his efforts on the budget. Ms. Joyce asked when we vote on the budget. Mr. Nichols noted we will vote on the budget at the Annual Meeting in September. Mr. Bogle also thanked Mr. Nichols and Mr. Williams for their efforts in the budget and service design.

VIII. Adjournment

Mr. Capello made a motion to adjourn the meeting and Mr. Lentz seconded the motion. All voted in favor by Roll Call vote.

Mr. Bogle	Yes
Mr. Causey	Yes
Mr. Capello	Yes

Mr. Hebert	Yes
Ms. Joyce	Yes
Ms. Labrie	Yes
Mr. Lentz	Yes
Mr. Pepin	Yes
Mr. Sandmann	Yes
Mr. Shanahan	Yes

The meeting was adjourned at 9:30am.