



**Cooperative Alliance for Seacoast Transportation
Minutes of the Board of Directors Meeting
Wednesday, October 23, 2019**

PRESENT: Scott Bogle, Jim Campbell, Denis Hebert, Valerie Labrie, Colin Lentz, Marty Pepin, Dave Sandmann, Dave Sharples, Dennis Shanahan, Maria Stowell and Juliet Walker

ABSENT: Arthur Capello, Steve Fournier, Shelley Winters, Thomas Wright

STAFF: Rad Nichols, Michael Williams, Heather Hesse-Stromberg

I. CALL TO ORDER

Mr. Sandmann called the meeting to order at 8:28 AM.

II. APPROVAL OF MINUTES

Mr. Pepin made a motion to accept the September minutes as presented and Mr. Campbell seconded. All voted in favor.

III. PUBLIC COMMENT

Mr. Nichols reported that we continue to engage in public forums to share the system redesign and receive feedback from riders and other stakeholders.

IV. FINANCE REPORT

There is no report yet as the end of fiscal year books are not yet closed. September financials will be presented at the November meeting

V. OLD BUSINESS

Staff Shortage Update

Mr. Nichols reported that we continue to be hit hard by unexpected health-related events causing our employees to be out of work for days, weeks or months. The number of applicants has slowed down tremendously within the last couple of months. Given the results of the past few months of recruiting, we are refocusing our recruitment efforts on social media and our employee referral program. These appear to have been the most impactful methods of recruitment for us. Mr. Nichols invited Board members to participate in the referral program if they know of anyone who might be a potential candidate.

HealthTrust Healthcare Cost Increases

Mr. Nichols shared that this year's operating budget included a 10% increase in COAST's employee healthcare related costs based on our historical increases. Unfortunately, based on our extraordinary experience during the last rating period (192% loss ratio for health insurance and 380% for short-term disability insurance), and the way our experience as a large employer is now factored into our rate setting, we have been notified that we will see the following increases to our rates in CY20.

Medical Rates	+24.5%
Dental Rates	+ 3.9%
Short-term Disability Rates	+16.7%

Long-Term Disability Rates	- 15.0%
Life Coverage	- 15.0%

In a meeting with HealthTrust Executive Director on October 17, staff were informed that, except for a portion of our overall claims, our experience was largely trending better than the previous year. That portion of our overall claims that did not follow this trend however was extraordinarily expensive, will potentially be ongoing and is out of anyone's control.

It was also explained to us by HealthTrust that, should significant shifts occur between the health plans we offer (for example, if staff move in numbers to a lower cost plan vs. the higher cost plan they are on now), we will likely see at least a doubling of the typical plan cost increases in the next two subsequent years (assuming all other variables are held constant). For example, this year's overall average increase for the January renewal group was 7.1%, and we could expect a 14.2% increase if HealthTrust saw significant movement between our plans.

Mr. Nichols noted that the budget approved by the Board at September meeting included a 2.5% wage increase for staff. He further explained that we do not want to pass the whole health cost increase on to staff at once, but instead pass it on to staff over time. He reported that staff is looking at a 15.8% increase this year and splitting the increase over two years. He added that staff is also trying to minimize the additional pain should be see movement between plans or off our plans.

Mr. Hebert stressed that we want to keep the employees we have and questioned whether COAST should absorb more of the cost. Mr. Nichols stated that, given the options, this is a reasonable way to share the cost. Mr. Hebert asked about how such a large healthcare increase will impact the pay increase staff are receiving. Mr. Nichols noted that roughly 0.4% of the pay increase for benefits eligible employees is eaten up by the healthcare increase.

Mr. Nichols noted that the impact to COAST will be approximately \$117K, and that the increase to staff will represent \$16K. Of the 53 employees who are currently eligible for health insurance through COAST, 35 staff are enrolled. Mr. Nichols reported that COAST is part of HealthTrust's January pool which is the smaller pool and is made up mostly of older employees. We will need to continue to conduct our in-depth analysis of options available to us for managing these extraordinary cost increases, while also attempting to minimize a compounding effect in subsequent years.

Auto and Excess/Umbrella Liability Cost Increases

Mr. Nichols reported that our paid claims through August of this year have amounted to a 1.2% loss ratio and our incurred claims total a 24.7% loss ratio (paid + reserve), and both of these loss ratios have averaged 17.0% and 59.6% (one large reserve that remains outstanding from 2017) over the past 5 years. Despite this much better than average experience in our industry, our current carrier continues to seek higher annual premiums and remains the only carrier willing to write our business at an affordable rate.

This year the carrier is looking for a >15% increase in our auto and excess/umbrella liability rates. This represents an increase in our auto and excess liability costs. The overall commercial auto liability market continues to perform extremely poorly and thus continues to negatively affect COAST's ability to affect better rates.

COA Update

Mr. Nichols reported that COAST had a public forum in Portsmouth two weeks ago, one Monday in Dover and has one in Rochester tomorrow night. In general, the forums have had between 8-10 attendees. Mr. Nichols noted that attendees have not had a lot of say about the service redesign or fare, and have expressed their appreciation of the work that went into the plan. Mr. Nichols noted that most questions involved struggles around understanding how the attendees will make specific trips in the new system.

In planning for the system redesign, we have identified about 85 tasks. Everything must be rebuilt as so many aspects of our operation and materials are all tied together. Mr. Nichols reported that staff are splitting up responsibilities and sketching out the timeline. Ms. Walker noted that a lot of the pieces likely require

coordination with communities so feedback on the process and timeline for each town would be helpful. She also noted that the COA should be more prominent on the website. Mr. Nichols indicated that in the last two weeks, staff has figured out how to add the COA to the top banner drop down list.

VI. NEW BUSINESS

Action Items

Action Item #1: Additional Recognized Holidays

COAST currently recognizes six (6) Federal holidays. As part of our service redesign and reducing costs, the plan contains two additional service holidays.

The holidays currently recognized by COAST are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Specific additional days that staff is proposing include.

- Day after Thanksgiving
- Christmas Eve
- Martin Luther King Jr./Civil Rights Day
- Columbus Day

Mr. Nichols reported that our analysis of the potential new additional holidays compared ridership on the same day of the week around the holidays under consideration on both fixed route and ADA. Surprisingly, fixed route had fewer passengers on Martin Luther King, Jr. Day than either the day after Thanksgiving or Christmas Eve, by a notable amount, but DR is slightly different. One consideration for DR services is that two days in a row of no service could be difficult for customers needing dialysis. This is accentuated if the holiday falls on a Monday/Tuesday like Christmas occasionally will.

There was a brief discussion around the considerable length of time individuals using COAST's DR services will have to arrange another ride in the case that the additional holidays pose a hardship for passengers due to COAST being closed for multiple days in a row.

Given the data, staff recommended the two additional holidays fall on Christmas Eve and Martin Luther King, Jr. Day.

Action Required: *The COAST Board of Directors approve two additional holidays to take effect in FY21.*

Mr. Walker made a motion to approve adding Martin Luther King, Jr. Day and Christmas Eve to the holidays recognized by COAST starting in FY21. Mr. Lentz seconded the motion, and all voted in favor.

Action Item #2: Grandfathering Service for People No Longer in ADA Service Area With Redesign

Mr. Nichols informed Board members that there are 10-plus individuals in the northeast region of Rochester and 3 in Somersworth who will no longer be eligible for ADA service to/from their current home addresses with the system redesign. Some are frequent riders, others mostly sporadic.

In the past when we've had service cuts, we have temporarily extended service to home addresses of those who were eligible for a period of time (it has varied from 3-6 months). In this case, given everything else that's going on – staff would recommend a 6-month temporary extension. This would give these riders 6-7 months-notice prior to implementation, then 6 months of service post-implementation, and gives them time to make any necessary decisions if they need to do so due to transportation needs.

Action Required: *The COAST Board of Directors recommend temporarily extending service for 6 months to current ADA clients impacted by the service redesign.*

Ms. Walker made a motion to recommend the temporary extension of service for 6 months for discussion purposes and Mr. Campbell seconded.

Mr. Shanahan asked what the financial burden on COAST would be to continuing service for an additional period of time. Mr. Nichols indicated that it would be minimal due to minimal use of service by the majority of individuals impacted.

Mr. Nichols noted that this would be part of our Public Hearing Process and that we would reach out to these specific riders to give them the opportunity to attend public hearings and give their feedback.

Mr. Sandmann stressed that the temporary extension would just be for current riders at their current home addresses, not for anyone who subsequently moves to the area.

Mr. Shanahan asked why staff recommended 6 months versus 3 or 9 months. Mr. Williams noted that, since riders will know about it for 6 months prior to the redesign and will receive services for 6 months after the new system is implemented, it would result in approximately 12 months so would be the equivalent of the length of a lease to prepare to move to another location.

A vote was taken, and all voted in favor.

Committee Reports

Executive Committee – did not meet.

Board Development Committee – did not meet.

Policy Committee – met on October 17 and had a good discussion. Mr. Nichols is working on edits to our corporate attorney's redline version of the 2015 Advertising Policy. The Attorney provided guidance and the Committee had an extended conversation. The result was that ATA Outdoor (our Advertising contractor) will review all ads and our policy prior to an ad being put out. If someone objects to an advertisement, they must send a signed letter stating their objection and why they object. Mr. Bogle asked if there is now a longer lead time and Mr. Nichols indicated there is not. Mr. Nichols hopes to have a copy of the revised policy available at the November meeting.

Legislative Committee – given the discussion at the annual meeting and our need to seek additional new and expanded sources of funding, there is a near-term need for this committee to be constituted and active. Mr. Sandmann proposed the development of the Legislative Committee and the following members volunteered: Mr. Bogle, Mr. Campbell, Mr. Lentz, Mr. Shanahan and Ms. Walker.

Discussion Items

Discussion Item #1: Potential Municipal Funding Formula Adjustment

Mr. Nichols made a presentation at the meeting. Currently, the formula uses a blended, rolling 3-year average of four factors. The Municipal Funding Formula only applies to our original 1, 2, 6, 7, and ADA routes.

Mr. Nichols suggested that the redesign of the system would be a logical time to encapsulate all of the FR and ADA services into our Municipal Funding Formula. Doing so would better represent our system and allow for a more fair and equitable funding formula going forward. Mr. Nichols recommends not including other DR services we operate or contract for (Parking Shuttle, Portsmouth Senior Transportation, ACT-related services, and Route 7 On Demand).

Mr. Shanahan asked what we are thinking about for the Express Routes. Mr. Nichols noted that Route 100 will be the only “Express” service left and it will be up to Kittery and the Portsmouth Naval Shipyard to participate financially in the new system. Ms. Walker and Ms. Stowell both noted the change this would represent as partners in the Trolley project. Mr. Bogle asked what role Kittery will play and Mr. Nichols reported that there will be a meeting on November 13th with Kittery. A similar meeting is also being set up with the PNSY. These will be follow up meetings to one held with both parties earlier in the year.

There were no further questions on this topic and Mr. Nichols stated he hoped to have a further discussion on this topic at the November meeting.

Mr. Nichols stressed that we have a 2 million-dollar gap to fill in 2023 and we will need to determine what portion of that gap we can reasonably expect our municipalities to meet. Mr. Nichols noted that if COAST comes up with funding requests that are more than communities can serve, we will need to talk about changing services to match what can be paid for. He noted that the system can be scaled down if need be, but it will be challenging to scale down Routes 12, 13 and 14 because they are the core of the system.

Ms. Walker left at 9:41am.

VII. COMMUNITY UPDATES/INFORMATION ITEMS

GACIT Hearings

Rad Nichols attended three GACIT Hearings held in the area. The main thrust of comments shared on behalf of COAST included the following:

- The figures included for COAST in the Plan do not appear to be accurate,
- There is a lack of any sort of analysis on the current condition, or future needs, of public transit,
- A request that the missing analysis can included in the plan documents and presentations when forwarded to the Governor and Legislature.
- Department has now made a request for data that can be included in the analysis. Scott is spearheading the gathering of this data for the area transit providers.

Meeting with Congressman Pappas’ Legislative Director

During the most recent Congressional recess staff had an opportunity to meet with Steven Carlson, Congressman Pappas’ Legislative Director. Given Congressman Pappas’ position on the House Transportation Committee and the need for reauthorization of a Federal Surface Transportation Act, this was an opportunity to speak directly on issues COAST would like to see change at the Federal level. Topics included:

- Equity in how user fees are treated across the USDOT. On FHWA projects user fees can match FHWA funds. On FTA projects user fees must come off the top and cannot be used to match FTA funds.
- The financial impacts of the ADA have gone far beyond what was envisioned for public transit agencies. FTA anticipated the ADA costs would be about 10% of operating costs and, nationwide it is closer to 25%.
- The FTA 5339 and CMAQ programs are essential to keeping our capital assets in a state of good repair.
- There is a continued concern with the upcoming census and how the Boston UZA may creep into our service area.

Mr. Lentz asked if there was any conversation about ADA costs being calculated differently with the FAST Act, and Mr. Nichols noted it was a broader conversation.

RPC Legislative Forum Panel – November 13th at Unitil in Hampton – 6-9pm

The topic of this year’s RPC Legislative Forum is “The Case for Public Transit”. RPC has assembled a panel of subject matter experts to discuss community and regional transit needs. Taylor Klocke, Communications and Legislative Specialist with CTAA, will lead off with a national perspective on the

outlook for Transportation Reauthorization and CTAA's related priorities. Ms. Klocke will also inform attendees on how more rural states are addressing senior transportation needs. Scott Bogle, Senior Transportation Planner, will follow, summarizing the statewide transit needs assessment RPC is completing with urban transit providers. Mr. Nichols will end the presentation by summarizing findings and effects of its Comprehensive Operations Analysis. He'll also speak to the impact of the heightened ADA demand COAST has experienced in the past 10 years and talk about the COAST's financial outlook. The panel presentation will be followed by a conversation to address questions and share additional ideas.

Ridership

Monthly ridership figures were presented. We ended the year with a 1.61% increase in ridership which was really good to see especially given we had to suspend some services. In addition, there were nice ridership gains in FR for many of the services and PST gave a nice increase to DR. ADA saw a slight decline in ridership, some of which can be attributed to people in Portsmouth using PST instead of ADA.

Adjournment

Mr. Pepin made a motion to adjourn which was seconded by Mr. Lentz. All voted in favor and the meeting was adjourned at 10:03am.