



**Cooperative Alliance for Seacoast Transportation
Minutes of the Meeting of the Board of Directors
Wednesday, July 23, 2022**

PRESENT: Scott Bogle (virtually), Fred Butler (virtually), Adam Causey, Sönke Dornblut (virtually), Benjamin Fletcher (8:35am virtually), Lauren Haley (virtually), Denis Hebert, Margaret Joyce, Colin Lentz, David Sandmann, Michael Scala, Dennis Shanahan, Peter Stith (8:36am virtually)

ABSENT: Thomas Wright

OTHERS: Kristen Murphy, Nick Taylor

STAFF: Rad Nichols, Margot Doering (virtually), Michael Williams

I. CALL TO ORDER AND INTRODUCTIONS

The meeting was called to order at 8:30am by Mr. Sandmann.

II. APPROVAL OF MINUTES

Mr. Sandmann asked if a motion could be made to approve the minutes of the June 22, 2022 meeting. Mr. Hebert made the motion to accept the minutes as drafted, and Mr. Lentz seconded the motion. There was no discussion and Mr. Sandmann undertook a roll call vote.

Mr. Bogle	Yes
Mr. Causey	Yes
Mr. Dornblut	Abstained
Ms. Haley	Yes
Mr. Hebert	Yes
Ms. Joyce	Yes
Mr. Lentz	Yes
Mr. Scala	Yes
Mr. Shanahan	Yes
Mr. Sandmann	Yes

The motion passed.

III. PUBLIC COMMENT

There were no public comments to share and no members of the public present to speak.

IV. Financial Report

Ms. Doering gave the financial report. On revenues, she noted a nice gain in fare revenues for June. Additionally, she commented on the loss for the month in Other income and interest related to the final booking of the loss of our trolley from a collision earlier in the year. There

were no other items of interest of note for revenues other than advertising sales which have been strong and create a pipeline for future revenues that will be booked when collected. On expenses in June, the only item that had varied a bit from month to month was materials and supplies which was down due to only one delivery of fuel for the month and no other major repairs. Insurance appeared to spike in June, but that is a reclassification of the insurance proceeds we received in February.

On the balance sheet there was an increase in cash due to receiving payment from the state for the final Gillig. The trolley was removed from the balance sheet now that the like-kind exchange has occurred.

On the grants side of things, we recently received approval for a grant amendment to one of our grants through the FTA for our projected operating and capital needs for the coming year. We have two other grants going through pre-application screening that we hope to submit to the FTA soon. One is for CMAQ funds released to us by the NHDOT and the other for design funds for the new facility.

There were no questions from the board relative to the financial report.

VI. New Business

Action Item #1: Commendation for Patrick C. Herlihy, Retiring NHDOT Director of Aeronautics, Rail, and Transit

A commendation was presented to Mr. Patrick Herlihy, retiring NHDOT Director of Aeronautics, Rail, and Transit.

Mr. Sandmann read the commendation:

Patrick has dedicated 38 years of service to the citizens and State of New Hampshire as a State employee. He began his career with the Office of Emergency Management, then worked as the Community Development Manager under the Office of State, the Bureau Chief for Homeless and Housing Services, serving in many areas helping to advance house development and sound financial management practices.

He became the Transportation Coordinator for the Department of Health and Human Services.

In 2012 Patrick was appointed as the Director of Aeronautics, Rail and Transit under the Department of Transportation, working to further advance multi-modal transportation for citizens across New Hampshire. In this capacity he has served on several boards and commissions including the State Coordinating Council for Community Transportation in New Hampshire and the State Commission on Aging.

Patrick has been instrumental in leading key public transit and community transportation planning efforts, including the 2006 New Hampshire Statewide Community Services Transportation Plan, the 2016 New Hampshire Statewide Coordination of Community Transportation Services Plan and the 2020 Statewide Strategic Transit Assessment Study.

He has also been a leader in identifying and securing Federal grants to support the expansion and coordination of public transit and community transportation services throughout the State of New Hampshire.

Patrick is well respected for his compassion and care to provide transportation assistance to those in need, and throughout his career, he has always endeavored to serve the citizens of New Hampshire and takes great pride in performing his duties with the highest caliber of excellence.

Mr. Nichols stressed how much of a positive impact Mr. Herlihy had on public transit in his role at NHDOT.

Mr. Herlihy thanked the organization for the recognition and for the good work COAST is doing within the region.

Mr. Sandmann went back to the regular agenda.

IV. FINANCIAL REPORT

Ms. Doering went over the year to date financials and balance sheet through May noting trends for the most part continued as they had previously. Fare revenues were up again, narrowing the amount that line is under budget. Advertising revenue was up, but some of that is related to COAST's own campaigns.

On the expense side of the financials, utilities were higher due to all bills coming in for 6 Sumner Drive (which had been running behind). Insurance experienced a small bump as we have added new vehicles onto the policy. A Miscellaneous items increase is due to COAST's marketing and advertising campaigns.

Ms. Joyce asked about a bus that is completely wrapped. Mr. Nichols confirmed that there was one. She asked if COAST had fully wrapped buses as a part of our campaign. Mr. Nichols commented that the ads COAST had placed were on the rears only of some of the cutaway buses and side rear windows of one trolley.

For the budget YTD, except for the recent increases in miscellaneous expenses, all budget lines continue to trend as they have previously.

Mr. Bogle asked if there was a way to measure the success of the marketing campaign. Mr. Nichols noted that the latest service suspensions complicate the ability to measure this.

There was some discussion over ridership trends, particularly with the new service reductions and rising demand for demand response services.

Ms. Doering added that on the Balance Sheet we are still waiting to resolve the like kind exchange for a vehicle we have retired due to collision damage and one of the new Gillig buses we recently purchased.

V. OLD BUSINESS

Staffing

Mr. Williams went over the latest information provided in the writeup.

Not much has changed since the last meeting. We did lose one CDL operator between meetings. We have two part time CDL operators currently in training. We have one new CDL

operator joining us today that formerly drove for us so they should be easy to train and get into the rotation quicker.

Mr. Nichols gave an update on some CDL bus operator demographics. He noted that 47% of our operators are age 65 or older and another 33% are between ages 60 and 64. He acknowledged that the commitment of these individuals to our customers and mission is fantastic, but they are approaching retirement quickly.

There was a discussion around operator pay to attract new employees, in addition to offsetting inflation. Increases in pay however will ultimately affect how much service we can provide as the cost per unit of service increases.

Messaging to explain the dilemma we face to our member communities was encouraged so that they know we are doing everything we can to provide a service while also managing escalating costs.

The discussion then shifted to getting a high level champion in the legislature to affect increased state funding, which is the missing source of substantial funding in New Hampshire.

Facility Project Update

Mr. Nichols shared that at the end of June COAST was awarded \$417K through the NH CDFA Tax Credit Program. We are working through the necessary documentation required by the CDFA around the award and will be forming a Development Committee in the very near term to begin to define roles, structure, develop our sales campaign, and set expectations as we begin to approach potential donors to purchase the available tax credits. We are also working with our graphic designer to produce a professional sales package.

Per FTA, an announcement on our 5339(b) grant is expected in mid-August (\$7.7M). If successful, this would mean we have been awarded 100% of the Federal funds projected to be needed for the project. Federal funding equals 80% of the total projected project cost (\$14.7M).

Conceptual Design is progressing and expected to reach the 30% level within the next few weeks.

Mr. Hebert expressed concerns over the costs of energy related to the new facility, as well as costs associated with the new facility construction and how much, if anything, communities were going to be asked to contribute.

The wi-fi was acting up at this point and part of the discussion was cut off.

Fixed Route Technology

Mr. Williams described that we are now under agreement with Passio Technologies and have begun working toward a targeted early September 2022 transition to their technology applications for our fixed route services. It is a tight timeline.

We have also begun to work with our vendors to prepare for redesigning and producing materials to announce the transition and for ongoing promotional purposes (i.e., bus schedules, bus stop signs, website, etc.).

Mr. Shanahan asked a question around whether there may be a period of time when we may not have bus location data available for our passengers. Mr. Williams explained the timing of

when the new system should go live (9/6) vs. when our old system is scheduled to go offline (9/14). It remains to be seen whether all the work necessary can be completed on time to avoid a gap in availability.

Small Low Floor Bus Procurement Update

Mr. Williams explained that we continue to work through the process of determining that the single bid we received for these buses is fair and reasonable, and that our specifications did not unduly discourage other vendors from participating in the solicitation. Our latest calculations indicate it is and other vendors were not discouraged based on our specifications.

The price is approximately 30% higher than we had estimated, but the environment has changed significantly since the information we used for our estimate was calculated.

Our final steps are to finalize options and see if there is a resolution for a bike rack, which we have been told can not be mounted on the front of the buses.

Staff are not yet ready to bring this procurement to the board for a vote.

Mr. Sandmann and Mr. Dornblut asked questions around bike rack usage and options for how to otherwise carry buses.

Mr. Hebert asked whether we had looked at used vehicles instead of new. Mr. Williams explained that low floor vehicles like this are relatively new to the market. He also explained why we were seeking these vehicles vs. a traditional style cutaway bus, and the challenges of operating on schedule with a traditional style cutaway when boarding passengers needing to use the lift to board and alight. Mr. Williams said he would research used options.

Onboard Issues with Passengers

Mr. Nichols highlighted that challenges with passengers onboard the buses continue. The number of banned passengers (for varying periods of time), because of having to request police assistance, is currently 10. We have never had so many individuals banned at once.

To improve the on-vehicle environment for customers and COAST staff, we have drafted an updated Customer Code of Conduct. The goal with this update is to:

- Be easier to read and understand
- Be more specific on what is and isn't allowed
- Be clearer on the consequences of misbehavior

Currently we are soliciting employee feedback on the update. Once we have received employee feedback, we will present this to the Board's Policy Committee for review, who may then choose to recommend a version to the full board for approval. Our goal is to bring the updated policy to the Board in August.

Typical behaviors our operators are having to deal with involve threats of physical violence, verbal threats, derogatory slurs, and one recent threat of terrorism. Banning passengers were noted as an imperfect system, depending on whether our operators know or can recognize the rider. It also creates a potential situation when and if an operator refuses someone service if they believe the individual has been banned. It is a stressful position for our operators to be in. Issues are not related to specific locations on the system, but tend to occur on the more heavily utilized routes.

Ms. Joyce asked whether we had worked with Dover Mental Health Alliance as they have some very good online training resources. Mr. Nichols commented COAST had not.

Mr. Williams highlighted that we do have one individual on light-duty who is riding the buses as an ambassador and really helping the operators out with passenger management. Supervisors are also trying to ride more frequently to support the operators on the road.

Mr. Bogle asked what the reasons were for this uptick. Mr. Nichols responded that it is a broader reflection of where we are as a society right now. Overall, these riders are a relatively small subset of our customers, however they cause inordinate stress and challenges for our staff. We are also paying more attention to these behavioral issues to support our frontline staff. These are issues that we read about constantly in regional and national public transit news.

VI. NEW BUSINESS

ACTION ITEMS

Action Item #1: Acceptance of New Board Member Appointees

There are two new appointments to the COAST Board to accept.

Town of Exeter

After several years of conflicting meetings for Exeter board member Dave Sharples, the Town is appointing a new member who will be able to attend our meetings more regularly. Ms. Kristen Murphy is the Town of Exeter's Conservation and Sustainability Planner and the new appointee to the COAST board of directors.

Ms. Murphy stated that there will be a learning curve involved for her, but it will be good for Exeter to attend more regularly.

At-Large

We have had an intention to have a housing representative on the board, and in the past that seat was filled by the Portsmouth Housing Authority. Mr. Nick Taylor, Executive Director at the Workforce Housing Coalition of the Greater Seacoast, has agreed to represent this seat on the COAST board going forward.

Mr. Taylor noted the natural connection between housing and transportation, his past role in the state house working on the state budget, and the opportunity to bring his background to the board and lend a hand to COAST.

Mr. Sandmann asked if a motion could be made to accept Ms. Murphy as Exeter's representative on the COAST board of directors and Mr. Taylor as an at-large representative for housing on the COAST board of directors. Mr. Bogle made the motion, and Mr. Lentz seconded the motion. Mr. Sandmann asked if there was any discussion on the motion. Seeing none, Mr. Sandmann took a roll call vote.

Mr. Bogle	Yes
Mr. Causey	Yes
Mr. Dornblut	Yes
Mr. Fletcher	Yes

Ms. Haley	Yes
Mr. Hebert	Yes
Ms. Joyce	Yes
Mr. Lentz	Yes
Mr. Scala	Yes
Mr. Shanahan	Yes
Mr. Sandmann	Yes

The motion passed unanimously.

COMMITTEE REPORTS

Mr. Sandmann gave the update on Committee activities.

Executive Committee – did not meet

Nominating Committee - met on July 20 and Mr. Bogle presented the Committee's recommended slate of officer nominees and the make-up of the Executive Committee. He thanked Ms. Joyce and Mr. Lentz for serving on the Committee. He noted that Mr. Sandmann was going to step back from the Chair role after four terms in that capacity. After talking with the existing officers, the following is the slate of officer nominees: Mr. Shanahan, Chair, Mr. Scala, Vice-chair, Mr. Joyce, Secretary, and Mr. Dumont, Treasurer.

Given these nominees for officer roles, the Executive Committee would consist of the nominees as just listed and Mr. Sandmann as past chair.

Mr. Sandmann thanked the Committee members for their work.

Board Development Committee – outreach to fill open positions on the board is ongoing.

Policy Committee – did not meet.

Legislative Committee – did not meet.

Finance Committee – met on Monday, July 25.

DISCUSSION ITEMS

Discussion Item #1: FY23 Operating Budget Challenges & Considerations

Mr. Nichols gave an overview to the board members.

Last December & January, when preparing the municipal funding requests to support our projected FY23 budget, we had estimated an overall operating budget and updated our 5 year operating and capital projections.

Traditionally the additional experience in the intervening months would allow us to draft a more refined FY23 operating budget over the course of the remainder of the summer, but the events of this year, like last, have continued to be a challenge in terms of making strong projections.

Challenges

- 1) **STAFFING** – we continue to struggle with attracting and retaining vehicle operators. The issue is more acute for CDL operators but having enough non-CDL operators has been a challenge at times too. As a result, we continue to operate a reduced set of services. We remain concerned about the large number of staff of retirement age, or beyond, that we know will need to be replaced in the next few months to few years. *We must stay competitive with our wage and benefit packages.*
- 2) **INFLATION** – while we thought inflation was challenging last year, it’s impacts on average have doubled this year. Transportation has been hit particularly hard as fuel price escalations, labor shortages, and supply chain issues are all having very costly impacts. The result, it is costing us more to provide services on a per unit basis than ever before. *June CPI-U for New England for the preceding 12 months was 7.9 for New England.* Our previous estimate was for a CPI-U figure around 4.0.

This will also impact our capital replacement cost schedules. The small low floor buses we recently solicited were roughly 30% higher than our cost estimates.

- 3) **COVID-19** – the impacts of the pandemic persist and negatively influence our operations (primarily ridership, fare revenues, and other related revenues). Thankfully, we continue to be able to utilize available CARES Act and American Rescue Plan Act funds to sustain our operations in the near term.
- 4) **Projecting Demand Response Service Demand** – COVID-19 hit the populations that use our demand response services harder than any other demographic. The negative impact on demand for these services was dramatic. That said, ridership has returned on these services faster than on our fixed route buses and faster than our previous projections estimated. The critical importance of these services to those who qualify are likely driving this. Some specifics:

<u>DR Service</u>	<u>Avg. % of FY19 Ridership YTD</u>	<u>% Gain over FY21</u>
COAST ADA	65.7%	20.5%
Ports. Senior Transportation	111.0%	21.8%
Route 7 On Demand	84.6%	15.3%
Community Rides	119.7%	3.9%
Accessible VDP Services	77.9%	-4.4%

Given the size and impact of these services on our budget, this is a large variable that can have significant financial impact.

- 5) **Aging Fleet** – while we will retire four buses from our heavy-duty fleet, replacing them with four 2022 model heavy-duty buses, most of our HD fleet is now on the back half (or less) of their expected useful life. Many are also early generation engines with required emissions after-treatment systems. As such, costs related to maintenance of the heavy duty bus fleet has been climbing as these buses and their aging systems begin to breakdown more frequently. Usually, the first 12-24 months of break-in on new heavy-duty buses can also tend to be more involved.
- 6) **Municipal/Local/State Funding Revenues** – at the local municipal level we, after holding our financial requests level the year previous, this year (FY23) we raised total municipal

requests by 15%. Some communities (typically smaller) have expressed concerns over the FY23 requests, which will be considered in their upcoming CY budgeting cycle. Partner funding increases, in accordance with contracts, demand, and costs were increased by a total of 5.7%. Operating funds through the State of NH will amount to just under \$35K in FY23 (same as in FY22). Operating funds through the State of Maine, to support our operations to Kittery, are contractually set for a maximum of \$32.5K in FY23.

- 7) Advertising Revenues – by the mid-point of FY20 advertisers had largely abandoned public transit spaces as they responded to financial realities of the pandemic. Different than any downturn in the past, we lost all of our big annual contracts with advertisers. Since that time, ATA has worked tirelessly to identify sectors of the economy that were doing well and were likely approachable. Sales of our available spaces has turned around and 2022 may end up being a record sales year. Of course, collections always trail sales, and we do not account for these revenues until they have been collected. COAST remains one of ATA's strongest markets in northern New England and we appear to be re-emerging in a strong position.

Considerations

- 1) FY22 Actual Expenses – it is safe to say that FY22 has continued to be challenging, and thus more expensive for the parts of our operation that remain in service. As mentioned above, DR demand has also outpaced previous projections, and thus budgets for those services are running higher than projected YTD.
- 2) Fixed-Route Service Levels – currently we are projecting that we will continue to face labor shortages through FY23. Our hope is to return to the service levels we were maintaining prior to the latest service reductions on May 21, 2022. We do not expect to be able to get back there by the beginning of FY23 (October 1) however. To stay competitive, this will likely need to involve higher operating staff pay rate increases than previously projected.
- 3) Expense Growth Rate – we had projected base expense growth rates of 4%, with some known exceptions for operations/maintenance wages, property & liability insurance and health insurance. With more experience since January when that projection was made and using the latest available CPI data for the region (7.9% for the trailing 12 months in June 2022), we are working to refine these growth rates further.

Until such time as staff can begin building the budget, against the FY22 actuals through June, it is unclear just what the overall impacts will be on the proposed budget for FY23. The expectation is that this will be much clearer by the August Board meeting, at which point a baseline budget, along with options will be first presented.

Schedule for Budget Adoption

- August Board Meeting (8/24) – present draft operating budget & options
- Budget Workshop Mtg. (week of 9/5) – possible workshop to further discuss the draft operating budget
- September Board Meeting (9/28) – vote to adopt final FY23 Operating Budget

Mr. Hebert asked about whether we have a shift differential for operators working the second shift. Mr. Nichols noted that we do not, have discussed it in the past, but not implemented one to date. He questioned how much a differential would need to be to make a difference. Mr. Hebert

encouraged a differential be considered as part of a solution to the problems we are facing. Mr. Nichols committed that this will be considered as part of the FY23 budgeting going on now.

VII. COMMUNITY UPDATES/INFORMATION ITEMS

Ridership

- Overall ridership in June totaled 22,118. This was up slightly from May due to strong demand for our DR services.
- Fixed route ridership totalled 20,280, down a total of 36 rides from May. Average weekday fixed route ridership was down 6.7% (-61 riders per day) when compared to May, which had been the second highest in any month since the pandemic began.
- After having lagged during the winter COVID-19 case spike in the region, demand response service riders continued riding more frequently again in June, as expected. At 1,838 rides for the month, ridership set a new high level mark for the second month in a row (since February of 2020). Average weekday demand response ridership equalled May, the highest in any one month since February of 2020. June ridership was only 87 rides lower (-4.5%) than in June 2019.

Mr. Scala asked why our ridership on the fixed routes have not recovered more. Mr. Williams commented that the demand is growing and there, but we simply aren't offering the same levels of service due to our service suspensions.

Mr. Taylor asked whether there was anything going on at the state level to help with CDL licensing. Mr. Williams explained that the main initiative at the state level is to ensure there is enough capacity for timely testing when candidates are ready. We have also attempted to participate in other state employment programs to help individuals go through free CDL training and have not had any luck.

VIII. ADJOURNMENT

Mr. Sandmann adjourned the meeting, without objection, at 10:16am.

Respectfully submitted by Margaret Joyce, Acting Secretary