



**Cooperative Alliance for Seacoast Transportation
DRAFT Minutes of the Meeting of the Board of Directors
Wednesday, July 26, 2023**

PRESENT: Scott Bogle, Fred Butler (virtual), Ben Fletcher (virtual @ 8:35am), Denis Hebert, Margaret Joyce (virtual), Colin Lentz, Kristen Murphy (virtual), David Sandmann, Mike Scala, Dennis Shanahan, Nick Taylor

ABSENT: Kendra Amaral, Sönke Dornblut, Lauren Haley, Robert Gibson, Michael Mates, Thomas Wright

STAFF: Margot Doering, Rad Nichols, Michael Williams

I. CALL TO ORDER AND INTRODUCTIONS

The meeting was called to order at 8:32am by Mr. Shanahan.

II. APPROVAL OF MINUTES

Mr. Shanahan asked if a motion could be made to approve the minutes of the June 28, 2023 meeting. Mr. Sandmann made the motion to accept the minutes as drafted, and Mr. Lentz seconded the motion. There was no discussion and Mr. Shanahan undertook the vote by roll call.

Mr. Bogle	Yes
Mr. Hebert	Yes
Ms. Joyce	Yes
Mr. Lentz	Yes
Ms. Murphy	Yes
Mr. Sandmann	Abstain
Mr. Scala	Yes
Mr. Shanahan	Yes
Mr. Taylor	Yes

The motion passed unanimously with one abstention.

III. PUBLIC COMMENT

Mr. Nichols did not have any public comment to bring to the board.

IV. FINANCIALS

Ms. Doering noted the typical trends we have been experiencing continue for revenue lines. Overall revenues are underbudget. This is largely due to lower expenses, which reduces the amount of funding we are drawing under our federal grants and other contractual agreements.

On the expense side there has been a restart of the CommuteSMART TMA and thus you see entries in this line. Expenses continue to run behind budget.

There were no questions for Ms. Doering.

V. OLD BUSINESS

New Low Floor Frontrunner Minibuses

Mr. Williams shared that we have been notified that our new low floor cutaway buses are nearly ready for paint and application of our wave pattern in vinyl, which we have approved. There had been an indication in late June that they could be delivered by the end of July, however that has likely been pushed out a couple to a few weeks.

A heavy-duty bus (1103) that is scheduled to be replaced by one of these minibuses has just broken down and the repairs would be quite expensive. We have decided not to perform the needed work on this vehicle given the circumstances.

VI. NEW BUSINESS

COMMITTEE REPORTS

Executive Committee – has been quite active lately, meeting on our near term projected budget deficit.

Finance Committee – met on Monday, July 24 (2:30pm, COAST Administrative Offices, Conference Room).

Board Development Committee – did not meet.

Policy Committee – did not meet.

Legislative Committee – did not meet.

Nominating Committee – Mr. Bogle presented a Committee report.

The COAST Nominating Committee met on July 7th and included Colin Lentz, Margaret Joyce, and Scott Bogle. Executive Director Rad Nichols participated in the meeting as well. Committee members contacted each of the existing officers and all four (Dennis Shanahan, Michael Scala, Margaret Joyce, Scott Bogle) were amenable to serving another term in the same or a different officer role. Considering funding discussions that will be happening with municipalities, the state and other funding partners in the coming year, the Committee saw value in maintaining the current lineup of officers.

Proposed Slate of Board Officers

Chair: Dennis Shanahan, Dover

Vice Chair: Michael Scala, Rochester

Treasurer: Scott Bogle, Rockingham Planning Commission

Secretary: Margaret Joyce, Dover Chamber of Commerce

The Bylaws provide that the Executive Committee be composed of the officers and one appointee at the discretion of the Chair. Candidates for this fifth at large seat are still in discussion.

Proposed Exec Committee (including Chair's Appointee)

Chair: Dennis Shanahan, Dover

Vice Chair: Michael Scala, Rochester

Treasurer: Scott Bogle, Rockingham Planning Commission

Secretary: Margaret Joyce, Dover Chamber of Commerce

At Large: TBD

Mr. Bogle concluded that nominations from the floor were also certainly welcome.

There were no questions or additional comments and Mr. Shanahan accepted the report.

Discussion Items

Discussion Item #1: FY24 Operating Budget Challenges and Considerations

Mr. Nichols gave an overview.

Last December & January, when preparing the municipal funding requests to support our projected FY24 budget, we estimated an overall operating budget and updated our 5-year operating and capital projections.

Thankfully less of a rollercoaster ride than in the previous two years, the additional experience in the intervening months this year will allow us to draft a more refined FY24 operating budget with greater confidence over the course of the remainder of the summer.

Challenges

- 1) Staffing – we continue to struggle with a larger than average number of staff out on lengthy leaves associated with challenging health conditions, while also having a small number of openings. We are hoping to get back to very near full-service levels by the fall but expect that staffing may likely become more challenging in the rest of the summer and fall as we potentially must discuss service options for FY25 and beyond.
- 2) Projecting Demand Response Service Demand – Ridership on our demand response services has returned faster than on our fixed route buses, and in some areas quite a bit 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 FY22</u>
COAST ADA	82.7%	28.2%
Ports. Senior Transportation	113.2%	2.0%
Route 7 On Demand	85.0%	-4.9%
Community Rides	135.0%	19.0%

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

- 5) Municipal/Local/State Funding Revenues – at the local municipal level, after raising our financial requests by 15% the year previous, this year (FY24) we raised total municipal requests by 12%. Some communities (typically smaller) have expressed concerns over the FY24 requests, which will be considered in their upcoming CY budgeting cycle. One city has not fully funded our request for FY24 and instead held our funding near the previous year’s level (-\$21,010).

Partner funding increases, in accordance with contracts, demand, and costs were increased by a total of 8.8%. At least one partner has not met our ask (-\$3,000) impact) this fiscal year.

Operating funds through the State of NH will amount to just under \$35K in FY24 (the same as in FY23). Operating funds through the State of Maine, to support our operations to Kittery, are contractually set for a maximum of \$40K in FY24.

- 6) FY24 FTA Allocation – while not a specific concern for FY24 due to our having carryover allocations available, we still do not know what the 2020 census impacts will be to our annual FTA 5307 allocations going forward.

Considerations

- 1) FY23 Actual Revenues – revenues that are not as closely tied to expenses are doing well YTD. While fares are down by just under 10%, they have been particularly strong in the past 4 months. Advertising revenues have been particularly strong YTD. We have also been tracking very positively in the interest and other income revenue line, although that is a relatively small dollar line.
- 2) FY23 Actual Expenses – overall we are well under budget YTD. As mentioned above, some DR demand has far outpaced our projections, however, we are not experiencing a correlating increase in expenses that is putting those services over budget YTD.
- 3) Fixed-Route Service Levels – currently we are planning to return all but Route 14, and as a result Rte. 34, to our full-service schedules this fall.
- 4) Expense Growth Rate – we had projected base expense growth rates of 4%, with some known exceptions for fringes, materials & supplies, and property & liability insurance. With more experience since January when that projection was made and using the latest available CPI data for the region (2.2% for the trailing 12 months in June 2023), we are working to refine these growth rates further.

Until such time as staff can begin building the budget, against the FY23 actuals through June, it is unclear just what the overall impacts will be on the proposed budget for FY24. The

expectation is that this will be much clearer by the August Board meeting, at which point a baseline budget, along with any options will be first presented.

Schedule for Budget Adoption

- August Board Meeting (8/23) – present draft operating budget & options
- Budget Workshop Mtg. (week of 9/11) – possible workshop to further discuss the draft operating budget
- September Board Meeting (9/27) – vote to adopt final FY24 operating budget

Mr. Williams explained that we had two engine replacements this year, but due to the resourcefulness of, and pursuit of warranty coverage by, our Manager of Fleet and Facility Maintenance, Phil Smith, both were done at little to no cost to COAST.

Discussion Item #2: FY25 & Beyond

Mr. Nichols gave a presentation on our latest financial projections and strategies for preserving services in FY25 and beyond.

As the region's public transit system we have grown significantly since the early 2000s, have a nearly \$30M annual economic impact in the greater seacoast, and an even greater human impact through the services we provide. For 40+ years we have been constantly responding and adapting to a changing puzzle of Federal, State, and local revenue streams, while providing over 16.2M passenger trips.

Going back to 2009, COAST has used a series of one-time Federal grants to support our growth. These grants, on top of our traditional Federal funding, have been the primary way we have been able to grow over the years, providing hundreds of thousands of additional trips over that time. Our stringing of these grants together is soon coming to an end however.

The particular grants we have used also benefitted the region by having higher federal participation rates. For example, of \$1.00 in eligible expenses, they would cover 80 cents vs. our traditional federal grants which cover 50 cents. We knew this was coming and have been working on chipping away at the issue, but that was complicated by the COVID-19 pandemic.

When we first started working on updating our 5-year projections for FY23-FY27 last fall, it appeared that we would have a budget deficit of \$1.2 million (all local funds). However, by early July, we had the number down to just under \$900,000. How did we cut the deficit we were projecting by so much? \$357,000 of additional operating funding was included in the State budget for FY25.

Our primary plan to overcome this budget deficit in the near term is to increase the contributions made by the communities we serve and the other local partners who help fund our operations. Our secondary strategy is to temporarily tap into our reserve funds, but this is not a long-term solution as we need reserves for replacing our buses and equipment, as well as for cash flow purposes. Longer term we will seek additional state funding in the SFY26/27 biennium, more aggressively pursue traditional nonprofit funding strategies, and explore and seek non-USDOT federal funding that can be used to match our USDOT grants.

Ultimately, we have two possibilities before us. Plan A is to successfully secure commitments from the communities we serve to invest in our transportation system and preserve current service levels. Plan B is to consolidate our services to fit a smaller operating budget should we be forced.

Our goal is to achieve Plan A. We worked hard to build our current system, and we believe that maintaining it is the best thing for the region. Our current system offers good regional connectivity, is efficient, has strong geographic coverage, is simpler for our passengers to understand and use, and it is easy to build upon. We strongly believe we can reach our goal and preserve our system largely as it is today.

However, we also have a responsibility to create a Plan B in the event we are unable to secure the additional \$450,000 we need in time. COAST Staff and our Executive Committee have been working together on creating a Plan B. The timing for this plan has been tricky, based on several outside factors that we've had to wait on (like the State budget).

Plan B involves hypotheticals to get us to a point where our expenses more closely match our expected revenues. Potential fixed routes that would be impacted include Routes 33, 40, 42, 43, 44 & 100. Potential demand response services that would be impacted include a shrinking of our ADA service area and Route 7 On Demand.

Despite having a Plan B, we are very optimistic about being able to sustain a system that looks very close to what we have today (Plan A). Over the years at COAST, we have learned that urgency can often be the mother of invention in terms of finding solutions to our problems.

Ideally, we need to find solutions to this issue by working closely with our member communities and organizations over the next 4-10 months.

There was discussion around how to alter the presentation for the upcoming community stakeholders meeting and how to best present Plan B as more representative of the magnitude of potential changes more than outlining specific changes.

VII. Community Updates/Information Items

Ridership

Mr. Nichols went over ridership in June.

- Total ridership for the month of June was 28,369, which was up 9.0% from the previous month and 28.3% from June 2022.
- Fixed route ridership totalled 26,395, up 10.5% from the previous month. Ridership was 30.2% higher than in June 2022. This was the highest ridership month on COAST fixed route buses since February 2020. Average weekday ridership was the highest since March 2020. Our ridership per revenue hour is now at 74.3% of our pre-pandemic levels.
- Demand response ridership totalled 1,974, down 7.7% from the previous month. Ridership was 7.4% higher than in June 2022. Ridership for the month on COAST demand response services remained one of the highest since February 2020, and topped FY19 ridership for the same month for the second month in a row.

VIII. ADJOURNMENT

Mr. Shanahan adjourned the meeting, without objection, at 10:32am.

Respectfully submitted by Margaret Joyce, Secretary