

CONNECT TRANSIT BOARD OF TRUSTEES

MONTHLY BOARD MEETING MINUTES – MARCH 23, 2021

**351 Wylie Drive – Board Room
Normal, Illinois 61761**

The regular monthly meeting of the Board of Trustees of Connect Transit was held on March 23, 2021 at 4:30 p.m. at Connect Transit in the Training Room with Board Members participating in the meeting virtually.

TRUSTEES PRESENT: Trustee Judy Buchanan
Trustee Linda Foster
Vice-Chairman Julie Hile
Trustee Tim McCue
Trustee Deb Presley
Trustee Mandava Rao
Chairman Ryan Whitehouse

CITY MANAGERS: Town of Normal Manager Pam Reece - Present
Bloomington Deputy City Manager, Billy Tyus - Present

STAFF PRESENT: Mark Peterson, Interim General Manager
Jill Baxter, Board Clerk
Patrick Kuebrich, Finance Director
Steve Stockton, IT Manager
Brady Lange, Maintenance Manager
Jeff Holtke, Marketing Manager

The regular monthly meeting of the Connect Transit Board of Trustees was called to order by Chairman Ryan Whitehouse at 4:30 p.m. Roll call was taken and the Pledge of Allegiance was recited.

PUBLIC COMMENT

There were no public comments.

CONSENT AGENDA

1. Approval of February 23, 2021 Board Meeting Minutes
2. Disbursements for the month of February 2021
3. Monthly Statistical Report for February 2021
4. Cardinal Infrastructure Federal Report (*Addendum*)
5. Cornerstone Illinois Weekly Update (*Addendum*)

Chairman Whitehouse called for a *Motion to Approve the Consent Agenda*. Trustee Buchanan so moved, seconded by Trustee McCue.

DISCUSSION

Trustee Buchanan inquired regarding the recent federal action as reported in the *Cardinal Infrastructure Federal Report*, and what is the impact for Connect Transit?

Interim General Manager Mark Peterson responded that we do not know yet. We are still waiting to find out what the implications of the most recent "stimulus package" will be. It is certainly possible that Connect may receive some additional funding beyond what was received by the *Cares Act*. However, it is still uncertain. As soon as we know something definitive, we will get that information to the Board.

Trustee Buchanan inquired about the *Cornerstone Update* relaying some legislation which has some implication to transit, does the Board look at that and develop our own position or do we look to IPTA and how is that managed at this point?

Chairman Whitehouse stated that at this point the history has been that we look to our trade association to represent that unless there is something specifically listed for Connect Transit. If you have comments as Trustees, feel free to share those with him or the General Manager and we can discuss those. We would also rely on *Cornerstone* if something were to directly impact Connect Transit.

Interim General Manager Peterson added that we do receive advisory from the state association and they occasionally ask that we contact our local legislative delegation about a certain piece of legislation to be certain we share with them that we have an opinion.

Trustee Presley inquired regarding the *Cornerstone* report about any additional information on Senate Bill 1756 and Senate Bill 1942 with regard to public transportation.

Interim General Manager Peterson stated that is a relatively new Bill and have no gotten a lot of information. It is still in the early stages but we will find out what is motivating that particular Bill and whether or not it has any chance of passage.

There was no further discussion.

Rollcall vote:

AYE: Trustee Buchanan; Trustee Foster; Vice-Chairman Hile; Trustee McCue; Trustee Presley;
Trustee Rao; Chairman Whitehouse

NAY: None.

The Board approved the *Consent Agenda*.

NEW BUSINESS

Presentation of Proposed FY 2022 Operating and Capital Improvements Budget

Interim General Manager, Mark Peterson, made introductory comments by stating that staff has been working on the budget for a number of months and Pat Kuebrich, Connect's Finance Director, will present to you what we are proposing for the FY22 which begins on July 1 of this year. We have two (2) separate types of budgets; an Operating Budget – the day-to-day expenses of operating the transit system; and a Capital Budget which is for large expenditures involving equipment, replacement and acquisition, as well as construction projects – improvements not only on the campus here but also other facilities in the community. Included in this budget is what we anticipate where we will end up in the current fiscal year with four (4) months to go. There is a lot of conjecture and projections involved trying to “guestimate” where we will be at the end of the year. Some of those numbers may “float” a bit as conditions change but we feel fairly comfortable with the year-end estimates that are included. The Operating Budget going forward into next year he called a “status quo” budget. We do not expect any major operational changes but on the revenue side of the equation, there will be a change at some point. We expect to implement fares again which would trigger the implementation the One Fare For All program which was adopted by the Board but never fully implemented because of the Fare Suspension Policy. This would exhibit a substantial change on the revenue side of the ledger. In terms of service levels and routes, we do not anticipate any major changes in the coming year. Looking at the current year (FY2021) Operating Budget, we have no collected fares the entire year so on the revenue side our revenues are down. Fortunately, we have the benefit of the *Cares Act* funding that bridges the gap and made certain that we did not have to suffer any operating cutbacks because of the loss of revenue. We are in good shape in that regard. In addition, he pointed out that there have been a number of staffing vacancies so our salary line items are artificially low this year. We anticipate in the new budget starting on July 1, that some of those positions will be filled. This is why the expense line items under salaries appears to be a bit inflated because we are assuming full staffing going into the new year as compared to the current year where we are well below full staffing. In summary, the Operating Budget – no major changes; the Capital Budget is a different story with a number of projects that are ongoing: bus acquisitions with the solar project; Downtown Transfer Center project; and Better Bus Stops campaign. The good news is that the vast majority of those are being funded externally by and large through state and federal sources.

Chairman Whitehouse commented to the Trustees that this is not up for a vote tonight and Pat will give his report and this is a “first look” and that between now and the April meeting, if you have ideas or changes, staff and Mark are available to sit down with you one-on-one to talk.

Pat Kuebrich presented a quick explanation of significant changes in revenue and expense line-item budgets between FY21 and FY22. (*See Board Packet*).

DISCUSSION

FY 2022 Operating Preliminary Draft Budget

Chairman Whitehouse asked one question regarding the Operating Budget – Other Materials and Supplies. We budgeted \$50K and we are projecting about \$70,207. The 4-hour cleaning costs us about \$20,000 additional dollars to implement that safety protocol?

Mr. Kuebrich stated yes, that includes additional cleaning supplies and maintenance of the program implemented due to COVID.

Interim General Manager Peterson added that there are other expenses that are not reflected in that line item such as shuffling the buses every four (4) hours, we send someone out and causes an employee to carry out cleanings and sanitation on a very frequent basis which is reflected in Materials and Supplies.

Trustee Buchanan asked about the Outside Repair line item and the fact that it should be reducing our costs over the long haul. Looking at the projection out to FY2025, that particular line item continues to go up. How many years would you project before we see that leveling off or see the ability to reduce those costs?

Mr. Kuebrich stated that the diesel aftertreatment cleaning and maintenance would reduce costs for more expenses later on everyday maintenance costs but will help with our capital costs without having to repair large items.

Interim General Manager Peterson interjected that he, Pat, and Brady Lange, Connect's Maintenance Manager, had spoken about this in the budget process. Connect Transit has traditionally under-budgeted bus repair, including parts and labor. Every year we tend to spend more than we had budgeted. This year we decided to be realistic as to what we will have to spend. Our Maintenance Manager has implemented a number of preventive maintenance protocols and we believe we will save substantial money in the long run. If you look at those out years, we basically provide a 5% escalator to be very conservative so even though we show those expenses going up in the interest of being conservative, it is very possible and hope that those will trend down. We have inflated those numbers to make certain we are being careful and understand where we are headed in the future. Again, the out-year numbers are not reflective of that change.

Chairman Whitehouse commented that if you are saying we always budget lower than expected and if you look at that, the FY budget was \$60,000 and we spent \$100,000 but then we are budgeting next year: \$90,000 – almost \$10,000 less than we spent this year.

Interim General Manager Peterson stated that is our best guess and added that maintenance costs will vary from year to year but we still think that \$90,000 is a realistic number. You never know what is going to happen with bus breakdowns. With some of the things we have been doing in maintenance, to try to do a better job with preventive maintenance, hopefully we can bring the numbers down.

Brady Lange stated that with the preventative programs, we are shifting some of the dollars from parts to Outside Services so with the diesel aftertreatment in particular, we are going to perform an outside repair and cleaning service with that which will, in the long run, reduce the number of part replacements which are more expensive than just cleaning. While the parts budget is increased, it is more of a reflection on the age of some of our older buses, not necessarily a reflection on the outside labor contracts we have put in place.

Trustee Buchanan questioned the Other Materials and Supplies, recognizing that has increased due to COVID, but she was wondering what our permanent adjustments that we made to the operation to our buses that will continue and is there a cost among other things as cleaning and sanitizing on a regular basis, what are we going to drop off at some point and what do we envision maintaining over the long haul for years to come?

Interim General Manager responded that we certainly do not intend maintaining forever the 4-hour cleaning schedule we have now which is very aggressive, much more than every other transit system is doing. We have conservatively projected that we will continue that well into the new year. At some point we will make a decision to pull back on that but doesn't mean we won't do cleaning and sanitizing, but probably not to the level we are doing now once the pandemic is under control. We have taken a conservative approach and we plan to continue that, at least budgetarily through a good part of the next year. Is that realistic? Probably not. We assume at some point we will pull back and there will be some savings in Materials and Supplies – not huge numbers but some savings, and we expect some savings on the labor end as well.

Trustee Presley stated that looking over the Shelters/Signs/Shop Tools line, you indicated that a lot of that addition – as we have the Better Bus Stops campaign and as we add more and more bus stops, if we flip over to the 7-year Operating Budget, is it then at 2022 that you are going to stop having the increases due to increased number of bus stops with those amenities and then just get into the maintenance of all of the bus stops that we have?

Mr. Lange responded that we have some on-going expenses with the installation of new stops right now. Once we have gone through the Better Bus Stops campaign, it will turn into just maintenance of those. We have certain expenses related to vandalism and shelter cleaning all of those types of things. After we have completed the upgrades, more of those costs will just shift to maintenance.

Trustee McCue asked if when we start to collect fares, do we have any projections either from trade associations or other outside groups from which we expect riders to start returning and using the buses more frequently. He understood that we will not be jumping from the limited use we have now to pre-COVID numbers overnight and we hope we get back to those numbers eventually but does the community project how we should expect the numbers to come back?

Interim General Manager Peterson responded that we do not have a real good answer and we just do not know. We have talked to other systems and trade associations and it is really guess work on everyone's part. What we have attempted to do is put in what our conservative, but reasonable

projections of growth. We believe we will have ridership growth but we have been pretty conservative of which he agreed with that philosophy in that return. Our hope is that once we start collecting fares, we will see more growth than we anticipate in this budget document. We do not know how quickly they will grow and what the percentage growth will be from month-to-month.

FY 2022 Capital Preliminary Draft Budget

Mr. Kuebrich began by stating that the first section sets out all of Connect's funding sources. Following that breakdown are a list of our capital expenditures. Beginning with the Solar Array and Electric Bus Charging Stations, he stated that most of that will be completed by this fiscal year in preparation for the arrival of our first electric buses later this summer. The electric buses are projected to arrive within the next four (4) years (FY2022; FY2023; FY2024; and FY2025) which will be funded by IDOT Debt Service, together with some Federal and State Capital Grants that we have received. The largest item is the Downtown Transfer Center (FY2023), along with some expenses in FY2022, but the majority of expenses occurring in FY2023 which will be funded by Federal and State Grants also. The bus shelters, pads, seating and lighting, will be ongoing for the next few years and hopefully we will wrap up those projects in FY2024.

DISCUSSION

There were no questions submitted from the Trustees. However, Mr. Peterson and Mr. Kuebrich each stated that any questions that the Trustees might have, they would be happy to answer individually.

Chairman Whitehouse encouraged the Trustees to study the drafts further and arrange a time to sit down with Interim General Manager Peterson and Mr. Kuebrich if you need to gain a better understanding of the drafts. Next month come ready and prepared to vote on the budget.

Recommendation to Award Contract for Tire Leasing

Chairman Whitehouse entertained a *Motion for Recommendation to Award Contract for Tire Leasing*, moved by Vice-Chairman Hile, seconded by Trustee Foster.

Mr. Lange presented the *Recommendation* to the Board by stating that for the past eight (8) years Connect Transit has leased all of its tires for its revenue vehicles. Doing so has made a significant impact on maintenance costs and down-time of the buses. In doing this we do not have as many tire-related issues. We were under a contract with Michelin and that contract has come to an end so Connect released an RFP in February to solicit proposals. We received three (3) responses to the RFP and at that time we conducted an evaluation with three (3) in-house evaluators that looked over those proposals thoroughly and each one was rated in two categories: cost and the technical proposal. Cost was weighted 60% of the score. The technical proposals were largely the same with not many differences. Price was shown to be the differentiating factor. The competition was very close and in the end the evaluation committee recommended Bridgestone as the winning proposer. The contract before you is for three (3) years with two one-year options. We will only be awarding the base 36-

month contract today. The funds to pay for this contract will be standard operating funds that we are currently utilizing for tires.

DISCUSSION

Trustee Foster asked a question about the difference between leasing and non-leasing and what is the difference?

Mr. Lange responded that by leasing the tire we pay per mile per tire. We get a very nominal amount that we pay per mile per tire. It allows us to better forecast what our expenses will be for tires and previously when we bought tires outright, we would run recap tires which is where they would take an old tire and put a new cap on it. With this prior process of buying, we experienced a lot of maintenance issues. This allows us to better forecast our expenses – we know how many miles we are going to run and know the rate per tire without having any unforeseen costs. With a heavy duty tire we lease, there is not an option for a maintenance agreement so we perform all of the maintenance in-house. All of our mounting and balancing is done by the Maintenance employees here. We are just talking about the tire itself when we talk about leasing. It also allows you more flexibility on the usage of the tire so it is in the interest of the tire vendor to make the tire run as long as possible because you are paying per mile. We retire each tire when they are no longer within the specifications for tread-depth. It is good for us to have a good quality tire on the buses.

Interim General Manager added that if there is a tire failure, there is no cost to us. We maintain an inventory of tires and they continue to supply that inventory and we just replace them as needed with no additional cost. Most transit systems have gone this route and found that the leased option is the best option financially as well as predictability of cost.

Trustee Rao inquired if in a technical sense, do all the three brands offer the same technical features?

Mr. Lange responded, yes. In the RFP we specified specific tire sizes and the qualifications which provided a good quality transit-specific tires and all offered the proper sizes for our vehicles.

There was no further discussion.

Rollcall vote:

AYE: Trustee Buchanan; Trustee Foster; Vice-Chairman Hile; Trustee McCue; Trustee Presley;
Trustee Rao; Chairman Whitehouse

NAY: None.

The Board unanimously approved the *Recommendation to Award Contract for Tire Leasing* (to Bridgestone).

Recommendation for Continued Suspension of Fare Collection

Chairman Whitehouse commented that the Board came to a consensus on this item at a prior meeting and this item now should be formalized by the Board. The Chairman entertained a *Motion for Recommendation for Continued Suspension of Fare Collection*, going forward until the end of May, 2021. So moved by Trustee McCue, seconded by Trustee Foster.

DISCUSSION

There was no discussion.

Rollcall vote:

AYE: Trustee Buchanan; Trustee Foster; Vice-Chairman Hile; Trustee McCue; Trustee Presley;
Trustee Rao; Chairman Whitehouse

NAY: None.

The Board unanimously approved the *Recommendation for Continued Suspension of Fare Collection*, until May 31, 2021.

The Chairman stated that he appreciated that this system has taken this situation extremely serious but there is a point where the Board needs to have a conversation about when we are going to start collecting fares again. We have agreed to go fare-free until May 31, but in our May meeting the Chairman stated that he would like to talk about going back to collecting fares. Obviously, if something were to change, if COVID numbers were to spike in our county or there is a continuing health hazard, we can address that in May. He feels that it is fiscally responsible to start collecting fares if it is deemed it can be done safely. He also stated that it is his understanding that on April 12th, everyone else is eligible for the vaccination, and while he takes this seriously, he believed that if vaccinations are available to the masses of this community, if an individual does not choose to take those vaccinations, he does not believe that Connect should continue to go fare-free to protect individuals that choose not to vaccinate themselves.

Interim General Manager Peterson added that it is a fair recommendation that we focus on June 1. There is plenty of time to evaluate what the situation is in our community. Generally, things are trending in the right direction. We can look at that at the next Board meeting and discuss it.

Chairman Whitehouse stated we can discuss this at each meeting with feedback provided by the staff.

CHAIRMAN'S REPORT

Update on the Downtown Bloomington Transfer Center Project

In response to the Chairman's question to Mr. Peterson about acquiring the property, Mr. Peterson responded that first we need to have an appraisal of the property and follow very strict property acquisition guidelines set forth by the *Federal Transit Administration* as well as IDOT because those are

our funding sources. Both organizations require that before any action, appraisals are required. Any offers of the property are to be based upon appraised values. In the case of FTA, we must have an appraisal and an appraisal review and the state requires two (2) independent appraisals. We are in the process of soliciting proposals for appraisal services. We expected to have an item on the *Agenda* but unfortunately appraisers have proven to be hard to find for this project. We recently sent out an RFP to a large number of companies and only received two responses. We would desire to have three or more and are in the process of trying to find other appraisal firms that would be interested in this project. This would not require specific Board action and if the timing were such, we could submit it to the Board, but given our Procurement Policy, this can be approved administratively, so it is our plan to go ahead and engage – at least an initial appraisal of the property to see where we are at and that would begin the acquisition process. We also must conduct a NEPA (National Environmental Protection Act) study which is a very arduous analysis of all of the environmental impacts associated with the improvement that we are contemplating. That would require a special consultant that is familiar with the NEPA requirements but not necessarily before acquisition but is part of that process. Some members of the staff with the Chairman and I, toured the building. We want to engage a third party with experience in building/repurposing to give us some of their thoughts on some of the challenges that we face; if there are any costs that we were not aware of that we should be before we take the leap and buy the property, as well as any systems – whether mechanical, electrical, structural systems that could be compromised or problematic that we need to know about. This all takes time unfortunately, but the first step is to get an appraisal completed and we are working diligently to get that done and we hope that even this week we can get at least a couple more proposals so that we can award and get that process started.

Update on General Manager Search Process

Chairman Whitehouse stated that more information will be coming to you which is to be held confidential as this involves personnel issues, but stated he believed we had some exciting candidates and you will all be a part of that process. We have spoken with the consultant and information will be shared soon either coming from the Chairman or Mr. Peterson. We might be able to have a meeting sooner than our next monthly meeting, to discuss some of the candidates so that we are moving forward. More information will be coming on this topic.

INTERIM GENERAL MANAGER'S REPORT

Mr. Peterson stated that the solar project is moving along well. We hope to have that wrapped up this current fiscal year even with a few delays on the front-end. Mr. Lange stated that since the first of the year, the weather has been fighting us daily with inclement weather since January. We are finally getting there and activity will be kicking up very rapidly as we move into better weather and we are currently on-track to have that project finalized by June 30th.

Mr. Peterson stated that our first four (4) electric buses are under contract and are in the very early stages of the build. Connect will eventually send someone from our shop to the manufacturing facility to monitor the bus build which is standard procedure. Mr. Lange stated that the current schedule is to

begin production on the 5th of July and a final delivery on September 26th. We should start seeing electric buses on the property in September.

Mr. Peterson stated we will receive four (4) a year from that point forward for four years. We have been talking to our Federal representatives and there may be some additional funding that we might be able to obtain for some additional electric buses.

Mr. Peterson credited the staff for keeping things moving while he was out of the office.

TRUSTEE'S COMMENTS

Trustee Foster echoed Mr. Peterson's credit to the Connect Transit staff.

Trustee Presley stated that the Financial Statistical Reports that we receive each month, since now that we are one year passed the beginning of the pandemic, we are looking back a year to really strange numbers due to the pandemic. She asked if we could look back two years, not only to 2020 but also 2019, to give us a better benchmark. She also asked that as we work through the budget between now and April, if there are any substantive changes that are being thought about or will be brought about be disseminated to the Board.

Mr. Peterson stated that what we can do is revise those reports where we are showing two years of actual data – going back to 2019-2020 and 2021, and then budget for FY2022.

Trustee Rao stated that he would like to go through the budget to understand it better and would like to have a separate one-on-one session.

Mr. Peterson asked the Trustees to reach out to him if anyone else would like a separate one-on-one or two-on-one meeting regarding an explanation of the proposed budget.

Trustee Hile thanked Connect Transit for the role that it and the staff have played in keeping safety a priority. Connect Transit is very well-represented as a part of the coalition that has the plan and vision of zero catastrophic injuries or fatalities related to transportation in our community.

ADJOURNMENT

Chairman Whitehouse entertained a Motion to Adjourn, moved by Trustee Foster, seconded by Trustee Buchanan.

AYE: Trustee Buchanan; Trustee Foster; Vice-Chairman Hile; Trustee McCue; Trustee Presley;
Trustee Rao; Chairman Whitehouse

NAY: None.

Motion carried and the regular monthly Board meeting of March 23, 2021 adjourned at 5:29 p.m.

Judy Buchanan
Trustee Judy Buchanan, Board Secretary

Jill Baxter
Jill Baxter, Board Clerk

