

CONNECT TRANSIT BOARD OF TRUSTEES

BOARD WORK SESSION MINUTES – MAY 19, 2020

**Virtual Meeting - 351 Wylie Drive
Normal, Illinois 61761**

The Board of Trustees of Connect Transit held a virtual Work Session on May 19, 2020 at 4:30 p.m., Connect Transit Training Room, 351 Wylie Drive, Normal Illinois 61761.

TRUSTEES PRESENT: Chairman Mike McCurdy
Vice Chairman Ryan Whitehouse
Secretary Monica Bullington
Trustee Judy Buchanan
Trustee Julie Hile
Trustee Linda Foster

CITY MANAGERS: Town of Normal Manager Pam Reece
Bloomington City Manager Tim Gleason – Absent

STAFF PRESENT: Isaac Thorne, General Manager
Jill Bower, Board Clerk

The Work Session of the Board of Trustees of Connect Transit was called to order by Chairman Mike McCurdy at 4:30 p.m. Roll call was taken.

PUBLIC COMMENT

There were no public comments.

Fiscal Year 2021 Budget / Expenses - Revenue

General Manager Thorne opened the meeting with a brief rundown of the proposed FY2021 Budget by beginning with expenses and revenue on page 21 of the draft. The majority of expenses are wages and benefits for Connect Transit in providing services. We also saw some smaller increases in bus repair and maintenance due to the ages of Connect's 10 used fixed route buses. We are in the process of rebuilding some of the engines on those vehicles right now and he will talk about the replacement plan for those buses when we get to the capital budget. There is also an increase in computer software line item. The majority of the increase is for the service licensing agreements that we have with various software vendors such as FleetNet; Syncromatics; and Remix. The service licensing agreements are going up in price and is reflected in the budget. In terms of revenue, a lot of our revenue right now is up in the air. We have suspended fare collection at this time and he is uncertain when Connect will again be collecting fares. The Board will be voting on an extension of the suspension of fare collection at its regular meeting this month. Additionally, we don't know when ridership is going to return where

we will see increases in fare revenue. Our funding from IDOT comes through sales tax receipts and as we know such receipts are down across Illinois due to Covid-19. We are planning on seeing some sort of decrease in revenue generated from IDOT. IDOT is now reimbursing Connect at 65% of our expenses. We could see a decrease to 45%. Last month Connect received Federal CARES ACT money (\$9.1M) which will be used to cover some of Connect's revenue gaps moving forward in 2020 and possibly into a second year. Continuing to page 22 you will see the 5-year operating budget. This time last year we were talking about Connect seeing a deficit in the year 2024-2025 when we would run out of Federal funding. That has basically been erased. Through the CT Connect to the Future Working Group, we are requesting additional \$250,000 from the Town of Normal and the City of Bloomington – up to \$500,000 in the next fiscal year. With our extending operating budget, we looked to be solvent all the way to 2030.

DISCUSSION

Trustee Buchanan stated the graduated income tax which the state is looking at a budget with significantly less revenue, have we factored-in or have an alternate plan if either of these represent a significant reduction in monies?

General Manager Thorne replied that he and Connect's Financial Director have looked at scenarios of IDOT reducing its reimbursement current rate of 65% to 45% over the next two years and plugging that budget gap with CARES ACT funding. However, if IDOT only reimburses Connect 35% or 30%, that will cause a disruption in our funding. We were in this situation in 2016 when the State didn't have a budget and we did not see reimbursement from them for six months and we had to spend all of our reserve funding (roughly \$6M) to continue providing services.

Trustee Foster inquired if there were any other funding sources that would help compensate a gap?

General Manager Thorne responded that there are other areas Connect is looking into such as FEMA dollars.

Trustee Hile stated she understood that the General Manager is placing a conservative lens over the state funding and asked if he could say a little more about what IDOT has said – is this your presumption or have they said to expect some kind of change or the nature of their messaging?

General Manager Thorne responded that IDOT is encouraging all downstate agencies in Illinois to use the CARES ACT funding as much as possible due to IDOT not knowing how much revenue they will have coming in. Last time we heard from IDOT regarding this matter, they said that the revenue from sales tax receipts were down 10-17% (March 2020). We are looking at a funding model from IDOT of 45%-65%. These are the numbers we have applied to our budget over the next two years. We also looked at the possibility of not receiving any farebox revenue, as well. Finance Director, Pat Kuebrich, commented that Connect will also have some contract revenue.

Trustee Hile stated that transit dollars might be an attractive target for the state since it is one of the few places states are getting several funds. She also wanted to confirm that there is no timeline on use of the CARES ACT.

General Manager Thorne confirmed that was correct and there is no timeline for use of CARES ACT funding which is in the legislation; however, we are also hearing from members of Congress is that they want us to use that money specifically for COVID-related expenses; loss of revenue; and loss of farebox revenue. Right now, there is no end date for that funding.

Trustee Hile questioned that it is not necessarily the funding is constrained excepting those that apply to operations that are affected by COVID which is all operations?

General Manager Thorne confirmed and stated it can also be used for capital as well but we are planning to use it just for operations to get us through the next 18-24 months until there is a vaccine or treatment of COVID-19.

Trustee Hile questioned at point do you begin to see the available CARES dollars begin to be insufficient? It looks like we are good through 2025 with a pretty conservative trajectory so when do we really get into trouble?

General Manager Thorne responded that after this meeting, he will send to the Board Members the numbers scenario if IDOT only provided 45%. After the second year, if we are still in the current situation, almost all of our CARES ACT funding will be dried up.

Trustee Buchanan stated that some of the CttF *Recommendations* are reflected in the budget figures. One in particular is the "One Fare for All". In anticipation there are no fares, where have you allowed in the budget if we are having to continue no fares for some time and what does that do to our budget as well as the "One Fare" implementation will help us to resume some kind of normalcy, we may not have the ridership we have had in the past. That suggests to her that we may have a further reduction in dollars.

General Manager Thorne stated that moving forward as we are dealing with the unknown, we don't know at this point in time what level IDOT is going to be able to reimburse us. Not knowing when we are going to resume collecting fares, we prepared this budget pre-COVID-19 with the ability of using our CARES ACT month to plug those revenue gaps. What he plans on doing is coming back to the Board with the regular financial information on a monthly basis and having discussions where in terms of fare revenue and where we are at with IDOT reimbursement. When lawmakers return to Springfield, we will have some clarity on this issue, hopefully in the next 90 days.

Chairman McCurdy stated that as you were talking about the increase in expenses for our aging fleet, rebuilding engines is not something unusual for Connect Transit buses.

General Manager Thorne replied that the ones we are rebuilding are actually "used" vehicles that were purchased from Champaign-Urbana Transit. We won't be receiving our first delivery of electric vehicles until 2021 so we are going to have to use these vehicles until 2024 which is another four years from now. We are rebuilding the engines in-house which is cheaper for us but still very expensive.

Fiscal Year 2021 Budget / Capital Budget

General Manager Thorne stated that Connect has been very fortunate in being awarded over \$11M in Federal and State grants over the last three years. By leveraging our Federal dollars with State dollars, we will be able to purchase all of our electric vehicles; *Better Bus Stop Campaign*; and install solar infrastructure for the vehicles using local capital dollars in reserves. Again, going forward we will see how that plays out with the current budget situation. Our focus is getting the *Better Bus Stop Campaign* completed and having 100% ADA compliant stops by 2024. We have budgeted about \$2.5M over the next four years. We also want to replace 15 electric vehicles between FY2021-FY2024 and install the solar array to offset the utility costs for facilities. We believe this will decrease our operating expenses by 2023-2024. We have applied for grants from the State of Illinois and the Federal government for the *Bus and Bus Facilities* to apply for a *Downtown Transfer Center*. Making one last note, General Manager Thorne stated that on page 26 – *Fiscal Year 2020* – Connect budgeted \$105,000 for bus shelters, pads, heating and lighting. Actual expenses are going to be close to \$300,000 by the end of this fiscal year. By Connect stepping up there has been more work on shelters than was originally budgeted, making note that the Board had approved those expenses.

Chairman McCurdy asked General Manager Thorne to speak on the CttF *Recommendations* and the *Green Pilot*. General manager Thorne responded that included in the FY2021 draft *Operating Capital Budget*, we have included the Cttf *Recommendations* of (1) *One Rate For All Fare Structure*; (2) expansion CM service to the Town and City limits; and (3) the *Better Bus Stops Campaign* – completing all stops by 2024. In asking for feedback from the Board, the General Manager stated that he would like to push it back to FY2022 budget as the zero-fare Green route pilot would be very difficult in our current environment to simultaneously promote the Green route and then also telling riders that only essential trips are to be taken.

Trustee Buchanan stated that she didn't believe that the communities are ready to embark on the pilot. We want this to be successful and data-driven to allow us to really learn something from it and did not believe that we would have that in the current environment.

Trustee Hile stated that she didn't believe it makes any sense to run a pilot that is about increasing public transit ridership while telling people not to ride. If we can find a way to strategically time the pilot with people returning to public life such that we can take advantage of habit change that may well be underway for a lot of us in response to COVID.

Trustee Bullington agreed with Trustees Buchanan and Hile by stating that we still do not know what to expect when the community returns to normalcy and whether our health concerns will be much different.

Chairman McCurdy added that when we begin to consider reimplementing fares, that might be a time for us to again address whether we want to move into the pilot project or the "One Fare for All".

General Manager Thorne stated that we may be placed in the position as the economy opens and at that point to ensure social distancing, we may have to go back to regular service and start collecting fares. We did see some joyriding from certain individuals when the weather was nice where some were

riding because there were no fares collected. If the economy opens soon, we will have to go back to regular service and ensure safe social distancing, no over-crowding on buses and look at collecting fares. Before we can do that, we must make certain we can protect our employees and passengers. We have already started the process of looking at "sneeze-guards" to be installed on all buses. We have 22 New Flyer buses that we can either buy something that has already been manufactured or work on retrofitting those shields on buses. The sneeze-guard would protect the driver when passengers pay their fares. We would like to have those installed soon as we may soon need to run regular services and collect fares.

Trustee Foster inquired if we are communicating with the drivers to let them know what the plan would be and also to incorporate any other ideas that the drivers may have because they are faced with this on a daily basis. We want to make sure that the things the drivers are encountering that we would make a plan and try to address.

General Manager Thorne clarified that he is not talking about collecting fares until the next month or two and this is not something that he has talked to the drivers about at this point in time because we are still far away from that. General Manager Thorne stated that at the next Board meeting he plans to recommend to the Board a vote on the suspension of fares through July 5. We are continuing to discuss among staff our COVID efforts and other ways that we can provide more safety to our employees and passengers. Information regarding COVID-19 is changing daily.

Chairman McCurdy inquired if staff has considered or talked about whether or not there is any way to absorb moving forward with a no-fare situation.

General Manager Thorne stated that we would let our riders know regarding the commencement of fares again with at least a 2-weeks' notice. If that is realistic and if we go back to collecting fares, we all know that our riders are hurting financially right now. This has been great for our customers and we have received very good responses and positive comments from them. It is balancing again with the needs of your customers, the needs and safety of our employees, which is a difficult balance sometimes. It will not be an easy decision to go back to collecting fares after having not collected for almost four (4) months.

Trustee Buchanan added that the McLean County Health Department as well as the County Board are reviewing whether there is support for the Heart of Illinois RESTORE Illinois plan. They are looking at the RESTORE Illinois plan from the governor's office, the Heart of Illinois plan which originated with Peoria, as well as a county board member who has also submitted a plan. Should we move with the Heart of Illinois plan, it would give us a little more of an idea when some businesses might be resuming activity ahead of the governor's plan, but there has been no decision made.

Trustee Hile inquired of the General Manager what his conversation has been with the municipalities. She stated that the Town is working on a reopening plan and she imagines that the City of Bloomington is also. Because Connect Transit is arterial to the community, it would be good if Connect was at the table of the City and Town's meetings regarding reopening. Can you talk about the conversations you have had with Tim Gleason or Pam Reece?

General Manager Thorne stated that it will be on a monthly basis that we will come together to have discussions on financials. What is up in the air are the revenue sources in terms of farebox collection, revenue collection and the amount of reimbursement from the IDOT grant. We may have to revise the budget once we know more information from IDOT, revising the budget entirely and returning it to them as we will have to make some adjustments.

Patrick Kuebrich, Connect Transit's Finance Director, added that if IDOT does adjust from 65% it would force us to revise the budget as the obligation is currently at 65% and that may force us to revise the budget anyway.

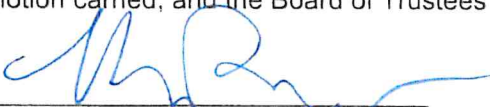
There was no further discussion.

ADJOURNMENT

Chairman McCurdy entertained a Motion to adjourn, moved by Trustee Buchanan, seconded by Trustee Bullington.

AYE: All.
NAY: None.

Motion carried, and the Board of Trustees adjourned the Work Session at 5:19 p.m.


Secretary Monica Bullington


Jill Baxter – Board Clerk

