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**FINANCE & PERFORMANCE MANAGEMENT
COMMITTEE MEETING
MINUTES – MARCH 20, 2015**

The Finance & Performance Management Committee of the Pinellas Suncoast Transit Authority (PSTA) Board of Directors held a meeting in the Auditorium at PSTA Headquarters at 9:00 AM on this date. The purpose of the meeting was to approve the January 21, 2015 meeting minutes, recommend approval of the 2014 Audit Report, and recommend the bus shelter contract. The following members were present:

Joe Barkley, Committee Chair
Mark Deighton
Dave Eggers
Bill Jonson
Brian Scott

Absent

Curtis Holmes (Alternate)

Also Present:

Brad Miller, CEO
PSTA Staff Members
Members of the Public

CALL TO ORDER

Committee Chair Barkley opened the meeting at 9:03 AM. Debbie Woodward, Director of Information Technology (IT), informed the Committee that the meeting was being broadcasted on the web via live streaming video.

PUBLIC COMMENT

There were no public comments.

ACTION ITEMS

Approval of Minutes – Mr. Scott made a motion, seconded by Mr. Deighton to approve the January 21, 2015 minutes. There were no public comments. Motion passed unanimously.

FY 2014 Audit Report – Debbie Leous, Chief Financial Officer, introduced Laura Brock and Aimee Varnum from Mayer Hoffman McCann, P.C. Ms. Brock reported that they had completed the FY 2014 Comprehensive Annual Financial Report (CAFR).

Ms. Brock presented the specific steps completed to perform the CAFR such as the 2014 financial statements, regulatory items, and the required auditor communications. She reported that the significant areas and key processes examined were: revenue generation (fares), grants management, litigation, self-insured risks, post-employment benefits (other than pensions), procurement (including acquisition of capital assets), human resources, information technology, and financial reporting.

Ms. Brock reported on PSTA's net position comparing FY 2014 to FY 2013. She stated that total assets decreased from \$139 million to \$128 million for FY 2014, and the total liabilities decreased from \$15 million to \$12 million in FY 2014. Ms. Brock reported the total liabilities and net position of \$128 million as compared to \$139 million for FY 2013. She also presented the statements of revenues and expenses and indicated that the total operating revenues decreased from \$14.8 million to \$14 million in FY 2014, and the total expenses increased from \$68 million to \$72 million in FY 2014 with an increase in the operating loss from (\$53.5) million to (\$58) million in FY 2014. Ms. Brock indicated that there was a decrease in the net position from \$10 million in FY 2013 to (\$8.2) in FY 2014.

Ms. Brock explained the single audit process, which grants were tested for FY 2014, and reported that there were no findings and no exceptions with the grants tested. She stated that as part of the CAFR, prior year audit comments were inspected. She said that in FY 2013, there were no material weaknesses, no significant deficiencies, and no recommendations to report on. This year, she said there were no material weaknesses and no significant deficiencies, however, there was a noncompliance finding for the Department of Homeland Security (DHS) grant. Ms. Brock had one recommendation – continued improvement of the closeout process. She informed the Committee about the upcoming Governmental Accounting Standards Board (GASB) statements and the timing for each.

In response to Mr. Jonson's question about the Other Post-Employment Benefits (OPEB) and the reserves, Ms. Brock answered that \$3 million in reserves will be moved to liabilities. Mr. Scott asked for suggestions for improving the closeout process and also about the grant selection process for auditing. Ms. Brock stated her suggestions, and said

the grant selection is based on auditor judgment and a three-year rotation schedule. Mr. Eggers inquired about Ms. Brock's background and asked how PSTA compares to other organizations. Ms. Brock spoke about her background and Mr. Miller indicated that PSTA is a member of the American Bus Benchmarking Group (ABBG). Committee Chair Barkley asked if there were any negative implications due to the DHS grant. Ms. Brock explained that there is a reference to the DHS grant in regards to the refund and how that was recorded in the records.

Mr. Deighton made a motion, seconded by Mr. Scott to recommend Board acceptance of the FY 2014 CAFR auditor's report. There were no public comments. Motion passed unanimously.

Bus Shelter Contract – Henry Lukasik, Director of Maintenance, explained that in January 2015, PSTA issued a Request for Proposal (RFP) soliciting competitive proposals to replace an estimated 20 new shelters and amenities per year for the next five years. Mr. Lukasik reported that there were three responsive proposals which were evaluated by a team of staff, with Brasco International being the highest ranked proposer and the lowest cost. He stated that staff is recommending approval of a three-year contract with two one-year renewals with Brasco International for an amount not to exceed \$1,148,650, which will be 100% federally funded by the Federal Transit Administration (FTA) funds within PSTA's adopted Capital Improvement Program (CIP). After discussion, Mr. Scott made a motion, seconded by Mr. Deighton to recommend approval. There were no public comments. Motion passed unanimously.

REPORTS

Mr. Miller suggested that due to time constraints, the Committee should not go into detail on the financial reports and asked if there were any questions on the reports. There were no questions from the Committee.

Monthly Financial Statement – The Committee received the Monthly Financial Statement in their agenda packet.

Quarterly Investment Report – The Committee received the Quarterly Investment Report in their agenda packet.

Ridership/Performance – The Ridership/Performance Report was provided at the meeting.

Capital Projects – The Committee received the Quarterly Contract Report in their agenda packet.

[Ten minute break at 9:50 AM.]

The Planning Committee joined the meeting at 10:00 AM for the presentation of the Information Items.

INFORMATION ITEMS

Service Redesign Work Plan – Mr. Miller explained that following the November 4, 2014 referendum, there was a need to “redesign” PSTA’s services to be even more focused and customer oriented. He stated that before the agency develops and seeks public input on various service delivery scenarios or increase revenues, it will be important for the PSTA Board to collaborate on a “Path Forward” to set high-level policy guidance for the future direction of the agency. Mr. Miller indicated that this policy development will be prioritized over the next few months, preceding the required FY 2016 budget review and Florida Department of Transportation (FDOT) Work Plan processes and suggested four key redesign elements: 1) a path forward, 2) FY 2016 budget approval, 3) service redesign consideration, and 4) public engagement.

Mr. Miller detailed eight directions for the path forward for the next two to three years:

- Focus on constant improvement of core services
- Redesign current bus according to specific principles:
 - Straighten routes
 - Reduce number of very low ridership buses
 - Concentrate majority of operating funds where public transit works best - core routes
- Avoid major cuts
- Implement a sustainable bus replacement plan
- Use built-up reserves on bus replacements/seek additional resources to maintain what we have
- Secondarily, but in parallel, seek to incrementally improve service
 - Premium bus rapid transit and express services
 - Regional fare collection project
- Third, in the future, work towards the high-frequency grid network
- Review governance structure
 - Strengthen roles of Board, Committees, CEO
 - Strengthen coordination with transportation partners

Mr. Miller explained that the transit service redesign efforts will be analyzed at a staff level but will await the policy discussion so Board consensus can be achieved, and service improvements will be balanced with overall changes as well as the longer-term planning to implement rapid transit pilot projects.

Mr. Miller discussed the FY 2016 budget approval calendar and suggested agreeing on the policy process over the next two months, to be adopted by May before budget approval in

June. He then presented the four suggested components of the service redesign consideration process: 1) approve “Path Forward” principles, 2) consider targeted areas of redesign, 3) coordinate with capital plan assumptions and revenue assumptions, and 4) public involvement. Mr. Miller indicated that the goal is to implement the first changes by October 1, 2015, but if it takes a longer duration to make the “right changes”, that would be fine.

At Mr. Miller’s suggestion, Ms. Long gave a brief recap of their trip to Tallahassee, and suggested that the Committee members write a letter of support for the \$1.25 million for the Central Avenue Bus Rapid Transit (BRT) pilot project to the Appropriations Subcommittee on Transportation, Tourism, and Economic Development.

In response to Ms. Johnson’s question regarding the Transportation Disadvantaged (TD) program, Mr. Miller responded that PSTA will take the time to work on a high-level policy first before any changes are implemented. Ms. Bujalski suggested reinstating an advisory committee similar to the Advisory Committee for Pinellas Transportation (ACPT). Mr. Welch agreed with the suggestion of a new ACPT-type group. Ms. Long stated her belief that the Board would be more effective at setting high-level policy if additional members were added to the Executive Committee and suggested the outgoing Chairperson for continuity and a new member of the Board.

The Committee was given the opportunity to voice their concerns. Ms. Bujalski suggested that economic development be considered in this process. Mr. Eggers cautioned about rushing into decision making and to make sure to engage the public at all times. Mr. Welch commented that if routes are eliminated, PSTA must provide the public transportation alternatives and believes that the expanded Executive Committee is a good idea.

Budget Assumptions/Forecast – Debbie Leous, Chief Financial Officer, presented the FY 2016 budget process and key assumptions. She provided the budget calendar overview and the new Key Budget Assumptions report which included a multi-year budget forecast, key expenditure assumptions, and a multi-year operating plan. Ms. Leous reported on the reserves and indicated that staff is recommending the use of reserves in the short-term for bus replacement needs. Ms. Leous stated that for FY 2016, there is an anticipated \$1.2 million operating deficit, and outlined five potential strategic changes: 1) increase the property tax to the maximum millage, 2) increase the average fare, 3) increase advertising revenue by outsourcing, 4) implement administrative savings, and 5) service hour adjustments.

There was discussion about the five communities who do not pay into the ad valorem tax. Committee Chair Barkley suggested reviewing the number of discounts and the way they are operated. Mr. Welch requested a copy of the current advertising policy. There was

discussion about how a possible increase would affect the TD program. Mr. Deighton suggested exploring more grant opportunities.

Route Performance Monitoring System – Chris Cochran, Senior Planner, introduced the Service Performance Monitoring System and explained that this is a tool to use in conjunction with the work plan to assist in providing the data and information that will aid in helping make the best decisions. He described in detail the methodology for the new system using two screens – performance and qualitative assessment. Mr. Cochran described some options for the identified low performing routes: improve marketing/branding and monitor, research and redesign, or eliminate and reallocate resources. Mr. Cochran showed a graph of the highest and lowest scoring routes with route recommendations for the lowest scoring routes which were: Route 444, East Lake Connector, Routes 1 and 30, Route 58, and the Jolley Trolley Coastal Route. He presented staff recommendations for each of these routes.

There were many questions and discussion regarding this new system. Ms. Long requested a map be added to the presentation of each of the routes being discussed for clarification. Committee Chair Barkley said it would be helpful to know if PSTA is eliminating or dramatically changing a route, and what type of replacement or supplement transportation would be made available to adjust for those people currently being serviced by that route. Mr. Welch asked if PSTA has ever approached the Tourist Development Council (TDC) for support for the Trolleys where there is a connection to tourism.

Mr. Deighton added that in the path forward development, he believes that many people in the area have no idea how much TD work contributes to the rest of the area, and suggested adding a sign on the side of the buses to remind people that the buses just do not take people from place to place, but rather they are a very big part of the community and the path forward.

ADJOURNMENT

The meeting was adjourned at 11:48 AM. The next meeting will be held April 15, 2015 at 9:00 AM.