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**FINANCE & PERFORMANCE MANAGEMENT
COMMITTEE MEETING
MINUTES – MAY 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 April 15, 2015 meeting minutes, recommend approval of the settlement with Marcia and Robin Oder, the bus tire lease, the bus advertising contract/policy, and the financial policies update. The following members were present:

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

Absent

Curtis Holmes (Alternate)

Also Present:

Brad Miller, CEO
Alan Zimmet, General Counsel
PSTA Staff Members
Members of the Public

CALL TO ORDER

Committee Vice-Chair Scott opened the meeting at 9:02 AM.

PUBLIC COMMENT

There were no public comments.

ACTION ITEMS

Approval of Minutes – Mr. Deighton made a motion, seconded by Mr. Eggers to approve the April 15, 2015 minutes. There were no public comments. Motion passed unanimously.

Settlement with Marcia & Robin Oder – Diane Randall, Risk Management Supervisor, explained that Mrs. Oder sustained injuries from an incident on February 12, 2015 and staff is requesting settlement authority of \$200,000 for Mrs. Oder and \$100,000 for Mr. Oder. Ms. Randall stated that settlement approval has already been obtained from PSTA's excess carrier and now requires Board approval to proceed, adding that \$200,000 will be reimbursed by PSTA's excess carrier. Mr. Jonson made a motion, seconded by Mr. Deighton to recommend approval of settlement authority of \$300,000. There were no public comments. Motion passed unanimously.

Bus Tire Lease – Louemma Cromity, Director of Procurement, explained that it has been PSTA's practice to lease tires, and based on a recent cost analysis, continuing to lease versus purchasing would result in a significant savings. She said in February 2015, an Invitation for Bid (IFB) was issued soliciting competitive bids with two vendors responding – Goodyear Tire & Rubber Company (incumbent), and Michelin North America, Inc. Ms. Cromity reported that after staff evaluation, it was determined that Michelin North America was the lowest bidder over the maximum five-year life of the contract. She also presented the pros and cons of leasing versus purchasing and reported that leasing tires represents a \$177,250 yearly cost. Ms. Cromity said that staff is recommending approval of a three-year contract with two one-year renewals with Michelin North America for an amount not to exceed \$2,200,000 over the maximum five-year period.

Committee Vice-Chair Scott commented that historically, PSTA has been with Goodyear and the difference in cost between Goodyear and Michelin was comparatively small. Ms. Cromity explained that an Invitation for Bid (IFB) was issued and that document controls the award. She said when a vendor meets all the criteria of the bid, the lowest most responsive bidder receives the award.

[Committee Chair Barkley entered the meeting at 9:09 AM.]

Henry Lukasik, Director of Maintenance, added that currently PSTA's 2014 buses have Michelin tires. He explained that as part of the lease agreement, the agency will also receive some new equipment which will help with tire maintenance.

Mr. Scott made a motion, seconded by Mr. Deighton to recommend approval of a three-year contract with two one-year renewals with Michelin North America for an amount not

to exceed \$2.2 million over the maximum five-year period. There were no public comments. Motion passed unanimously.

Bus Advertising Contract/Policy

A. Bus Advertising Contract - Cyndi Raskin-Schmitt, Director of Communications, explained that PSTA's bus advertising was handled by an outside firm until 2000 when it was brought in-house to be run by the Marketing staff. She reported that staff believes that outsourcing the advertising program has the potential to significantly increase the bus advertising revenues. She said that a Request for Proposal (RFP) was issued with three responders: 1) Advertising Vehicles, Inc., 2) Direct Media, USA, and 3) Signal Outdoor Advertising, LLC. Ms. Raskin-Schmitt indicated that after the Selection Committee review and in-person presentations by the firms, Advertising Vehicles was selected as the highest-ranked supplier. She noted that Advertising Vehicles agreed to a minimum guarantee for the first year of \$325,000 and PSTA will receive 58% of revenues for sales exceeding the minimum guarantee. She said staff is recommending approval of a three-year transit advertising services contract with Advertising Vehicles, Inc. with the option to extend two one-year periods.

Mr. Deighton asked for clarification on the \$325,000 guaranteed amount. In response to Committee Chair Barkley's question on industry standards, Ms. Raskin-Schmitt replied that there are no standards, but staff believes that the \$325,000 is a very good number. She added that Hillsborough is receiving 60% after their guarantee. Mr. Scott made a motion, seconded by Mr. Deighton to recommend approval of the transit advertising services agreement with Advertising Vehicles, Inc. There were no public comments. Motion passed unanimously.

B. Repeal of Existing PSTA Advertising Policy – Ms. Raskin-Schmitt explained that PSTA's bus advertising program is currently governed by Board Resolution #99-01. She said a new Resolution #15-04 would repeal Resolution #99-01 and replace it with a new Bus Advertising Policy. She said the Bus Advertising Policy would be maintained by the Marketing Department and any future changes would be subject to Board review and approval. She indicated that staff is recommending approval of Resolution #15-04 to repeal Resolution #99-01.

C. Revised Bus Advertising Policy – Ms. Raskin-Schmitt explained that Resolution #99-01 restricts bus advertising to commercial messages and prohibits several categories of advertising including governmental entity advertising and alcoholic beverage advertising. She said that expanding permissible advertising content has the strong potential to increase advertising revenue. She indicated the proposed revisions to PSTA's Bus Advertising Policy would allow advertising by governmental entities and would also eliminate the prohibition against alcoholic beverage advertising.

Ms. Raskin-Schmitt said staff is recommending approval of the revised Bus Advertising Policy.

The Committee asked what the rationale was for only accepting advertising for products and services. In response, Mr. Zimmet stated that there were some litigations in the past that led to the current policy. In response to Mr. Jonson's question about ad revenue, Debbie Leous, Chief Financial Officer, responded that PSTA could generate an additional \$300,000. Ms. Raskin-Schmitt added that Hillsborough received \$200,000 in revenue last year from government ads and \$50,000 for alcohol ads. Mr. Jonson stated his opinion that he does not believe \$50,000 is worth it for the addition of alcohol advertisements. In response to Mr. Deighton's questions about control over advertising content, Ms. Raskin-Schmitt explained that the contractor would be responsible for applying PSTA's policy with the agency having final review. Mr. Jonson stated his concern that having advertising on the outside of the buses obscuring the PSTA brand. He also said he would prefer not to allow the alcohol advertising. Mr. Eggers asked if PSTA could make it a requirement to include "drink responsibly." Mr. Zimmet responded that the agency could add that requirement into the policy.

Mr. Deighton made a motion, seconded by Mr. Scott to recommend approval of Resolution #15-04 and the Bus Advertising Policy. Mr. Jonson made a second motion to amend the first motion, seconded by Mr. Scott to recommend approval of the Bus Advertising Policy, but excluding the alcohol advertising. Mr. Jonson's motion did not pass (2:3) with Mr. Eggers, Mr. Deighton, and Committee Chair Barkley dissenting. Mr. Deighton amended his first motion to include "drink responsibly" in the Bus Advertising Policy. There were no public comments. Motion passed unanimously.

Financial Policies Update – Ms. Leous reported that in 2014, the PSTA Financial Policies were amended to require an annual review and update that is being implemented for the first time. She indicated that staff is recommending approval of the changes to the Reserve and Investment Policies.

Mr. Deighton stated his concern about the 75% investment in the Florida Prime account and asked if that amount could be reduced to 30%.

[Mr. Eggers left the meeting at 10:00 AM and did not return.]

After a few clarifying questions from the Committee, Mr. Jonson made a motion, seconded by Mr. Deighton to recommend approval of the policy recommendations with the modification that the Florida Prime should not be more than 30%. There were no public comments. Motion passed unanimously.

REPORTS

The reports were included in the agenda packet, and because of time constraints, were not discussed in detail but questions from the Committee were answered.

Quarterly Investment Report – Included in the packet.

Monthly Financial Statement – Mr. Jonson questioned the miscellaneous expenses under budget by 73.3%. Ms. Leous explained that \$1 million was set aside in the budget for service enhancements, but staff decided not to proceed, resulting in a reduction in that line item.

Ridership/Performance – The report was handed out at the meeting. Mr. Miller reported that March and April were record ridership months.

FUTURE MEETING SUBJECTS

Mr. Deighton brought up his earlier question about other grant opportunities that PSTA could pursue, and asked if PSTA had a plan to obtain that type of funding. Mr. Miller responded that the agency has staff on board for grants, and suggested that a chart be produced listing all the potential grants that PSTA could pursue and the plan moving forward to obtain that type of funding. Ms. Leous added that the agency has been successful in the past month obtaining funds for customer service training and has submitted applications for Department of Homeland Security (DHS) grants. She said that the addition of a federal lobbyist will also help with federal funding opportunities.

OTHER BUSINESS

Committee Chair Barkley read the statute for the exemption for the executive closed door session for the Tampa Bay Area Transit Workers Union (TBATWU) negotiations.

EXECUTIVE CLOSED DOOR SESSION

ADJOURNMENT

The meeting was adjourned at 10:40 AM. The next meeting will be held June 17, 2015 at 9:00 AM.