

**THE COAST RTA-WACCAMAW RTA
BOARD OF DIRECTORS MEETING
FEBRUARY 26, 2014
9:00 AM**

Board Present: Bernard Silverman, Chair
Joseph Lazzara, Vice Chair
Ivory Wilson
Lillie Jean Johnson
Katharine D'Angelo
Mickey James
Nicholas Twigg
Gary Loftus

Staff Present: Myers Rollins, General Manager
Julie Norton-Dew, DGM of Finance & Administration – CFO
Felicia Beaty, DGM of Operations – COO
Barbara Blain-Olds – Staff Attorney
Lynette Nobles, Executive Assistant & Board Liaison
Joe Ponticello, Director of Internal Controls
Erica Hill, Business Development Specialist
Doug Herriott, Transportation Manager
John Glover, Transportation & Service Planning Manager
Rick Carroll, Street Supervisor
Tom Arends, Material Control & IT Analyst
Pamela Bellamy, Human Resource Manager
Kevin Parks, Grants & Procurement Manager

Also Present: Tom O'Dare, Myrtle Beach Herald
Kurt Neufang, URS Corporation

In accordance with the Freedom of Information Act (FOIA), the 2014 meeting schedule was provided to the press at the beginning of the 2014 calendar year, stating the date, time and location. In addition, notice of this meeting was provided to the press, stating the date, time and place of the meeting on Monday, February 24, 2014.

CALL TO ORDER: Chairman Silverman called the meeting to order at 9:00 AM.

INVOCATION/PLEDGE OF ALLEGIANCE: Mr. Joseph Lazzara gave the invocation. The Pledge of Allegiance was recited.

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Chairman Silverman announced that Mr. Rollins and Ms. Blain-Olds have been appointed to the FTA National Safety Task Force. He also announced that Ms. Gloria Bonali, CAC member and member of the Silver Haired Legislators, working on transit, passed away a couple of weeks ago. He then asked everyone to refrain from the use of electronics for personal reasons during the meeting.

ANNOUNCEMENT OF QUORUM/ROLL CALL: Roll call was taken. A quorum was present.

ACKNOWLEDGMENT OF VISITORS: Tom O'Dare, Myrtle Beach Herald
Kurt Neufang, URS Corporation

PUBLIC COMMENT: None

EMPLOYEE RECOGNITION: Mr. Rollins announced that this month thank you cards, signed by Coast RTA employees, are being presented to the members of the board who attended the State of the Coast meeting on Friday evening, February 21, 2014

APPROVAL OF MINUTES: It was properly moved and seconded that the minutes from the meeting of February 5, 2014 (the January board meeting) be approved. There being no questions, a voice vote was taken. No nays being heard, the motion carried.

CITIZENS ADVISORY COMMITTEE: Ms. Pam Creech reported that the next CAC meeting is next Thursday at 10:00 AM, here at Coast RTA. She spoke about the difficulty of holding public meetings with the icy weather in the past couple of weeks. Pam gave an update on the survey project the CAC has been conducting. Pam then stated that the top ten goals of the Silver Haired Legislators, pertains to transportation. The meeting that was scheduled for Ocean Lakes Campground will be rescheduled. Christ the Servant Lutheran Church meeting was well attended. The attendees were very interested in transportation, one who gave Pam her card, as she has interest in joining CAC. Pam has been involved in the CAC for seven years.

MONTHLY REPORTS:

Finance and Administration: Mr. Lazzara, Chairman of the Finance Committee began by saying that he and Julie Norton-Dew discussed the financials and there were no changes. Mr. Loftus suggested that Julie Norton-Dew make changes to Page 1 in the financials to show Month-to-Date for the present year and previous year. She explained that she has changed her financial presentation to, hopefully, make it easier to follow. There were no resolutions to be presented for the month of February. She then gave an update regarding the resolutions regarding funding for 2015 by saying that we do not have information in order to begin the process of requesting FY2015 funding. She pointed out to Mr. Loftus that the first slide in the presentation, show the month-to-date compared to last year. Revenue is down due to the time of year; however, expenses are also down. It was suggested to put Subsidy after Total Revenue, which gives Total Income. Ms. Norton-Dew reviewed Page 2 of 12 in the financials, which is

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Income Statement (pages 3 and 4) notes representing variances of \$5,000 per budget line item, whether under budget or over budget. On Current Liabilities, the bus lease has been paid off. The only lease payment remaining is for the paratransit vehicles we leased in 2006 from DHHS, which I'll show you the amount in the Long-term Liability. Mr. Rollins expanded on the bus lease by sharing that when he came in 2004, there was a lease agreement with the state for \$30,000 per month for 18 vehicles. That was a perpetual lease that had been in place for about ten years. I met with SCDOT officials to see if we could introduce an option to purchase the lease, but that is not allowed under SCDOT guidelines. At that time, in addition to the \$30,000 per month, we had about \$350,000 AP (Accounts Payable) on the books and we couldn't keep up with the lease payments. That lease agreement was terminated at the end of my first year here. We terminated the lease and returned the 18 vehicles and began to get our own vehicles. We got five vehicles from Atlanta and five vehicles from North Carolina State. Ms. Norton-Dew then let the board know that the lease with DHHS (\$134,000) will be paid off in 2018. She then reviewed the long-term debt. She shared that we received the letter from FTA stating that we have paid them off. Mr. Rollins distributed a copy of the FTA letter to members of the board. Mr. Rollins shared, when we received the \$4.1 million dollar audit finding, we did our own analysis, went to Atlanta and made an appeal to do two things; (1) correct a couple of misstatements contained in the report and (2) to ask permission to go back and retroactively correct some of the mistakes that contributed to the \$4.1 million. One example, we had never had a cost allocation plan, which is a condition of federal funding, and we received permission to go back and retroactively do 2002 and 2003 cost allocation plans, which resulted in a reduction from \$4.1 million to \$2.8. So, we were successful through the meetings, with reducing the amount by \$1.3 million dollars by being vigilant and looking for alternatives. Mr. Loftus added, so any liability that may occur as a result of the finalization of the bus shelter program will be added, additional, to this. Ms. Norton-Dew responded that any potential liability would; but we have not received any documentation from SCDOT. Ms. D'Angelo asked (regarding the FTA letter from earlier) is those types of things could be sent to the board, rather than hearing of them in board meetings. Mr. James added that there's a difference in hearing it and seeing a copy of it. Mr. Norton-Dew then shared that our debt ratio is 148%, because the Orix lease has been paid off. Capital Grant Revenue, YTD, what we've spent, we received \$427,644 in federal dollars, of which \$211,000 went to the construction project; our lease payment \$194,000; computer equipment about \$13,000; and our bus cameras, about \$8300. ARRA funds for the construction project was \$160,000. She then reviewed the fare box recovery. Mr. Loftus asked for Ms. Norton-Dew to explain, again, how admin costs are allocated. She replied that admin costs are allocated by the number of vehicles. Professor Twigg asked what "specials" are (under Demand Response). Mr. Rollins explained that specials are requests from local government officials to provide transportation for their group to a particular event or location. The federal regs were amended seven years ago to accommodate those types of requests, based on the principal that these are the same local governments that are funding the transit authorities and there should be some latitude, so this is an exception to the charter rule. The next event will be the Street Rodders, which is a huge event that Myrtle Beach holds every year to kick off the summer. With limited parking, we actually run a shuttle from the Myrtle Square Mall site, with will be a special. Ms. D'Angelo asked if we are running a shuttle in North Myrtle Beach, as they've hired a private company. He responded that it's been the practice in North Myrtle Beach to go private.

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Professor Twigg then added that he was referring to the specials and Entertainment Shuttle, as we receive no revenue from those, or we don't show any revenue for those. Ms. Norton-Dew responded that the operations and the maintenance are dependent upon how much service we operated, how many hours and how many miles of service; that's how it's allocated. She recommended to Professor Twigg, regarding fare box recovery, that he consider looking only the fixed-route independent of paratransit services, as paratransit services are never going to operate at 18% (industry standard). She then reviewed the fare box recovery information and stated that our current fare box recovery ratio is 15.8%. Further, the industry standard is that you look at only operations and maintenance for the fare box recovery because admin costs do not change depending on your service structure. Ms. D'Angelo asked if (regarding the \$1.07 fare) this represents the average fare that agencies are collecting. Ms. Norton-Dew responded that she has actually done analysis of what other RTA's are charging (Savannah, Charleston, Columbia and Charlotte) and the first three have \$1.50 for a full ride and \$2.00 in Charlotte. However, the reason this is \$1.07 is that children under 6 who ride free, plus we have our half-fare (\$.75) for seniors, which brings the average fare down. We budget about \$1 per ride. Also, our student rate is \$1.25. Transfers also make the average lower. Mr. Silverman mentioned that from the January meeting, Ms. D'Angelo had asked the cost for 4 staff and 2 board members to attend APTA and Ms. Norton-Dew had responded that she would get that information to her. Ms. Norton-Dew apologized and assured that she will provide that information.

Ms. Norton-Dew then turned the meeting over to Joe Ponticello to provide the maintenance update. Mr. Ponticello distributed the Internal Control Report FY2014-01 to each board member. He walked the board through the report. The report concluded that productivity increased from 40%, prior to reorganization in FY 2013, to 88% after reorganization. The increase is attributed to more direct management oversight. Communications between operations and maintenance have increased, which has reduced the number of road calls and tows.

There was no procurement update this month.

Operations: Ms. Johnson turned the operations report over to Felicia Beaty, who began by going over the operations agenda, stating that there are no action items. For the month of January, fixed-route ridership is 19,816 rides, a 22% decrease over last year. We attribute 12% of the decrease to the ice storm in January. The average number of trips per day last year was 820 versus 734 trips per day this year. We were out of service for three full days and two half days, approximately 2000 rides during the ice storm. Paratransit rides were down, as well, due to the ice storm and as a result of the loss of the Coast Transit Plus program and Demand Response service. The only paratransit service we provide now is CATS. Overall, for the month of January, we had 20049 rides versus last year 27405 rides, a 27% decrease from last year. When looking at last year's ridership numbers versus this year's ridership numbers, excluding CCU, ridership is down only 2% year to date.

Regarding route performance: The top 3 are Route 7 the top performing route (5160), followed by 15S (3338) and 16X (3043); then 16 (2924), 15N (2863), 10 (1908), 1 (531). The airport

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shuttles, 747N and 747S, are very low at this time; however, we've been receiving a lot of inquiries so we're hoping to have a lot of riders when spring gets here. Most of the inquiries are for May, June and July, asking about our service hours.

Ms. Beaty then shared that we continue to receive surveys through the mail and on our website. She will be assisting the CAC with compiling the data collected from the surveys and will share that information at next month's board meeting. Mr. Loftus asked if demographic information is included on the survey. Ms. Beaty replied that demographic information is included.

Ms. Beaty advised the board that we held our State of the Coast meeting on Friday evening, February 21, 2014, with 58 employees and 6 board members attending. Distributed to the board members was a list of the questions that were read aloud and answered during the meeting, as well as those that, due to the time, were not read aloud. The remaining questions will be read at the next State of the Coast meeting in April. Discussion ensued regarding whether or not the board should be included in these types of meetings, as well as it being mentioned that the meeting should have been announced, as a quorum of the board was in attendance, etc.

Ms. Beaty interjected that in the past, we have always, out of respect, invited the board members to attend the State of the Coast meetings. Mr. James expressed that employees should not approach any board member. Mr. Silverman then stated that Mr. Rollins has scheduled the next State of the Coast meeting for April and may invite board members; however, it is up to the individual board member as to whether or not they attend. Mr. James then stated that board members should never be invited to the meetings. Mr. Silverman commended those responsible for the destination signs on the buses. Regarding the transfer center in Myrtle Beach, Mr. Loftus asked why we don't have a sign there so the public knows why there are several buses parked there at the same time. It was shared that there is a sign (Ivory Wilson Transfer Center) at the transfer center. Mr. Loftus shared that he may ask Mark Kruea about it.

Planning: Mr. Rollins began the planning report by sharing that he and Professor Twigg have discussed that based on our growth and development, it's appropriate to change the name of this from Planning report to Planning and Economic Development report. There is a direct correlation between bringing jobs to the community and access to jobs. Across the country, transit authorities and EDC's have worked as a team to ensure that as they are negotiating to bring companies here, we're addressing the transportation questions that typically come up in those negotiations. Mr. Lofton (EDC) and I are talking about how we can work to strengthen that partnership.

Large Urbanized Area Update – Mr. Rollins distributed copies of the official letter from the FTA to SCDOT, approving and authorizing the change and acknowledging that Myrtle Beach and the Grand Strand, Horry and Georgetown counties, and parts of Brunswick County are no longer a rural area and has been given a Large Urban designation. As a general rule, once you become a large urban, the expectation is that the local government provides us the funding to provide that transportation service. So, under federal guidelines, you're ineligible to continue to receive and use 5307 formula funds to pay for operating expenses. MAP-21 came to the rescue, as that would have created a crisis for us, by carving out an exception for those RTA's that have

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achieved large urban status, but still struggle with the lack of adequate local funding. So, if you have 75 or fewer buses in your fleet, at least until the new authorization bill is passed, those RTA's continue to use 5307 for operating.

“Designated Recipient” – the entity to which the FTA primarily apportions funds to on an annual basis. Heretofore, the designated recipient for Coast RTA (as a small urban rural) was SCDOT. That changes now, our relationship with FTA will change, and the new designated recipient will be the Waccamaw Regional Council of Governments (WRCOG). Mr. Loftus asked, FTA will go straight to the COG? Mr. Rollins replied in the affirmative. The “Direct Recipient” will be Coast RTA, which permits us to apply directly to FTA for apportioned funds, as long as proper documentation is on file. As a small urban, we had to apply to SCDOT, and they would submit the application or funds would pass down through SCDOT. Mr. Loftus recapped – so federal funds were designated to SCDOT, North Carolina DOT, Georgia DOT, under guidelines they would distribute the funds. He then asked, “They’re bypassing the state?” Mr. Rollins replied in the affirmative. He then went on to explain the Charleston, Greenville, Central Midlands have all had a direct grant-funding relationship with FTA. GSATS is the direct recipient, as approved by North and South Carolina. Coast RTA will continue to work with SCDOT to secure 5311 funding. MAP-21 expires in September and congress is currently drafting a new bill.

Regarding the Intermodal Transit Center Feasibility Study, Mark Hoeweler is in discussions with SCDOT on steps that need to be taken to transfer the \$250,000 to become FTA governed. After much discussion with COG and SCDOT, given the unfamiliarity with the Federal Highway guidelines and regulations, we would prefer to have those FHWA funds (the \$250,000) transferred to FTA and then administer the project, moving forward, under FTA rules, which are more forgiving than FHWA rules. Example: Under FHWA rules, it has to be a turn-key project, where FTA allows for the separation of projects in a funding cycle. The work performed by Stantec (\$73,000) belongs to us and will be included in the scope of work in the new solicitation.

Mr. Rollins introduced Mr. Kurt Neufang, with URS Corporation, who developed a previous study and, more recently, The Coast RTA Service Expansion Analysis Transit Plan, which will be utilized by the Transportation Task Force. This plan gives the Task Force the metrics necessary to accurately perform their work. Mr. Neufang gave an executive overview of the aforementioned plan, a copy of which was distributed to each board member following his presentation. Mr. Neufang commented that he’s attended numerous board meetings and the presentations given during the finance and operations reports, were among the best he has seen. He spoke about how effective van pools can be in certain areas. He also noted that metrics are important; however, quality of life is essential, as well. He shared that he and his staff who came to our area, rode the buses and talked with our riders and they could tell you about the drivers and the buses. The priorities are: take care of your existing riders; have a service with a 30-minute headway to it (would require additional buses, driver, and mechanics); the service should be cost effective and convenient. It’s also key to have a run cut and scheduling analysis done. In discussing the traffic on the boulevard in Myrtle Beach, Mr. Rollins shared that operations is working on analysis for moving the fixed-route service from the boulevard to Kings Highway in the summer. Mr. Loftus pointed out a minor change on page 31, just for the record, RIDE I was

funded solely by hospitality fees, no sales tax; RIDE II was sales tax. Ms. Norton-Dew shared that during the public meeting in Burgess, Mr. Hardwick (Horry County Legislative Delegation) had mentioned attaching a fee to vehicle registrations versus millage.

Mr. Silverman thanked Mr. Neufang for his presentation.

Mr. Rollins shared that the City of Myrtle Beach, the City Manager, has asked Coast RTA to crunch numbers and come up with a way to increase headway to 30 minutes; however, the numbers were always exorbitant. We recently had that discussion again and we are going to do a two-month pilot. The city wants to see 30-minute pullouts on Routes 10, 15N, 15S. They have given us a pot of money for a two-month period this summer on Routes 15N and 15S. We'll do analysis based on the ridership increases and they're going to determine if this is something they want to consider funding long term.

Since our meeting three weeks ago, there's been no further development regarding the shelter and signage project; no communication between Coast RTA staff and SCDOT staff.

Bylaws Committee: Ms. D'Angelo reminded that during the last meeting Dr. Twigg stated that he felt there should be an addition into the by-laws regarding the hiring of senior staff that the board have a say in hiring; such as any hire of \$50,000 or more; and that Mr. Loftus had said that the board hires only one person, the General Manager/CEO. She then shared that she doesn't think this belongs in the by-laws and if it belongs anywhere it should be the CEO's contract. Dr. Twigg added that he believes the board should have some oversight in these types of matters. It was again suggested that it be added to the contract. Mr. Wilson shared that the board should set the beginning and ending salary for certain positions, and the CEO not be able to go above that; and add it into the contract. Then it was suggested that a policy be created regarding this issue. Mr. Rollins interjected that each February, we determine our goals and objectives for the next year and each department gives Julie a wish list for the year. Part of that process is looking at the salaries and benefits, to determine what we can do to enhance the benefits for the operations staff. Some of the issues that came up Friday night, we've already been discussing how we can increase the vacation days (PTO's). We've combined sick and vacation time for drivers so they don't have to say they're sick when they want vacation or vice versa. We then bring that to the first budget meeting with the board, at which we engage the board in discussion as to what we're proposing for salaries. It's at that meeting where the board gives us guidance. We will say, based on those discussions, we've determined that we want to carve out 5% for salaries. Maybe we don't want to give a cost-of-living adjustment, where everybody gets the same thing; but, we want to base it on merit. We'll create a range from a low of 2% (based on actual performance, measured by an evaluation) up to 7%, based on superior performance; but the pie is going to be based on what you approve. It's at this time that you would say no, we want this or we feel we need that. Also, as part of that discussion, we do have a salary and wage schedule that has ranges and grades within the range. Ms. D'Angelo asked if the board ever sees this. Mr. Rollins replied, absolutely. Ms. D'Angelo stated that she hasn't seen it and Mr. Loftus added that he's never seen it but that he's never asked for it. Mr. Rollins offered that he will e-mail the salary and wage schedule to the board and we can discuss it next month. Professor Twigg shared

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that this is one of the things that he has asked for and thought we had done it; but that he had asked to have it on the website, where you didn't have to go by name, but by position. Ms. D'Angelo then added that there had been a meeting where you (Mr. Rollins) suggested that you were going to move people to different positions, where she remembered asking if there would be any salary increases and she was told no. Then when we (the board) got what the salaries were, she thought most of the board was shocked. Mr. Rollins responded that he had done a cost benefit analysis that showed what our costs would be (to reorganize), what our savings were (by reorganizing), and I presented that. Ms. D'Angelo asked if there way money attached to that. Mr. Rollins responded by saying that he knew what the ranges were, we had not made the decisions yet, because I had come to the board to get a sign-off on the concept of shifting. Certainly, if the board wants more input on salaries, I'm open to that. Ms. D'Angelo responded that that's not what the board wants. Mr. Silverman requested that the By-Laws committee meet and make the decision as to whether or not they wish to add this to the by-laws. Professor Twigg then stated that he would withdraw his recommendation that this be added to the by-laws, if, as a board, it is decided that it be added to the contract (Mr. Rollins' contract). Ms. D'Angelo stated that it doesn't seem appropriate to be put into the by-laws and suggested that it either be put in the contract or something. The suggestion was made to put it into the HR policy. Mr. Silverman shared that he doesn't feel it should be in Mr. Rollins' contract, with which Mr. Loftus agreed. Mr. Rollins added that what will give them the control is the pay schedule and that when presented, the board will see that it has minimums for each grade (11 grades). It has a start rate, which no one is brought in under that start rate for that grade. There's a mid-point and a maximum for each grade. Ms. D'Angelo asked where he got this information. Mr. Rollins stated that he developed them six (6) years ago. Mr. Loftus asked, "With board approval?" The answer to his question was yes. Ms. D'Angelo stated that she never saw it. Mr. Wilson then asked Mr. Rollins to give it out again; which he said he will do. Mr. Silverman then stated that his opinion is that it would not be a by-laws issue, nor in Mr. Rollins' contract; but accomplished in some other way.

Fund Development Committee: Mr. James, the chair of the committee, stated that he'll call Mr. Rollins, and whatever staff wants to show up, and they'll sit down and convene to come up with some funds, and ideas and concepts to fund the organization. Mr. James then said he will call Julie. He then asked who is on his committee. Ms. Nobles shared that the members of the Fund Development Committee are: Mr. Mickey James, Chair; Ms. Johnson, Professor Twigg, and Mr. Loftus; with Julie Norton-Dew, staff liaison. Mr. James then said that he will call Julie to set up a meeting.

General Manager: Mr. Rollins began by sharing that a member of the board had asked for a copy of his current employment contract; and, in the interest of transparency, he distributed a copy to each board member. Ms. D'Angelo asked why this was being given to the board. Mr. Rollins replied that one board member had requested a copy; however, he chose to provide a copy to the full board.

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APPROVAL OF RESOLUTIONS: There were no resolutions to be presented this month.

BOARD RECONSTITUTION UPDATE: Nothing to report

OLD BUSINESS: Mr. James asked Ms. Norton-Dew when they could get together. She let him know that it would be at least three weeks, as she will be attending the TASC Conference and the Legislative Conference. He then asked that she give him a call when she returns. Mr. Rollins suggested that Mr. James contact the board liaison, Ms. Lynette Nobles, to schedule meetings, as she has access to schedules.

NEW BUSINESS: Mr. Rollins shared that he had attended a conference regarding MAP 21, our principal funding source; all RTA's, large and small, are getting anxious as MAP 21 is a 24-month law that sunsets September 30, 2014. We learned, in a meeting with FTA, that talks are underway in congress to draft a new bill. Senator Shuster is drafting the legislation and it will be discussed in congress over the next few months, with the expectation that there will be no extension. They also told us that just to maintain current levels, allowing for no growth, requires \$100 billion.

ANNOUNCEMENTS: Mr. Silverman announced that the county chair has set up a committee of nine people to study Coast in preparation for the next budget. The committee members are: Councilman Foxworth (chair), Councilman Schwartzkopf, Mr. Silverman, Dr. Twigg, Ms. Julie Norton-Dew, a Georgetown representative, a Myrtle Beach representative, and a community member, Mr. Sam Frink. The county chair has asked for a report by the end of May. Mr. Rollins shared that given the timeline for the submission of the work of the new committee, we're going to prepare two budgets; a fully-funded budget pursuant to the 2010 referendum and an austerity budget that will consider our options in the event we do not receive full funding. We will be talking more with the board about this in the March meeting.

Ms. Felicia Beaty announced that the TASC Roadeo is this Saturday, with Coast RTA drivers and mechanics participating in the event; and invited anyone who wished to attend.

EXECUTIVE SESSION: The board went into Executive Session at 12:35 PM to discuss an employment contract matter.

There was a motion and second to come out of Executive Session. A voice vote was taken. No nays being heard the Board meeting resumed at 2:03 PM. There was no decision made and no vote taken in Executive Session.

ADJOURNMENT: It was properly moved and seconded that the Board adjourn. A voice vote was taken. No nays being heard, the Board adjourned at 2:04 PM.

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