
Board of Directors –Finance Committee
Meeting Minutes
February 6, 2019

Minutes of the Board of Directors Finance Committee Meeting of Wednesday, February 6, 2019 held at 5:00 p.m. in the Greater Portland Transit District's conference room, 114 Valley Street, Portland.

Committee Members Present:

Paul Bradbury
Merrill Barter
Jim Violette
Mike Foley

Staff and Others Present:

Greg Jordan
Ellen Sanborn
Glenn Fenton
Denise Beck
Lauren Shaw

Non-Committee Board Members Present:

Ed Suslovic

1. The meeting was called to order at 5:05 p.m. by Paul Bradbury.

2. Public comment

No members of the public were present.

3. Meeting Minutes

Motion made by Merrill Barter to approve the minutes from the October 4, 2018 Finance Committee meeting as written, seconded by Mike Foley. **Unanimously approved by all present.**

4. 2019 Proposed Final Operating and Capital Budgets

Greg Jordan, General Manager, noted the only change to the draft budget was solving the \$43,000 issue by shopping insurance and going with Traveler's.

Merrill Barter noted the Personnel and Non-Personnel totals are correct, but do not match across.

Motion made by Merrill Barter to approve the 2019 Proposed Final Operating and Capital budgets and recommend to the Board of Directors that they be adopted. Motion seconded by Jim Violette. **Unanimously approved by all present.**

5. Automated Fare Policy and Technology

Greg Jordan, General Manager, presented a draft Automated Fare Policy and the information discussed during the initial meeting with the Automated Fare consultants along with a review of our current fare system structure in comparison to peer agencies across New England. Our current structure has dropped us to fares being only 25% of revenue. For our fleet size, this should be at 25-30%.

The prior automated plan was to:

1. Raise fares and retain all period passes

2. Upgrade fare boxes that can accommodate smart cards and a mobile app.
3. \$800-900,000 capital cost
4. Ongoing operational costs to be determined

New Approach:

Option A:

1. Raise fares and retain all period passes
2. Install solid state validators to accept smart cards and a mobile app
3. Replace current fare box with simpler cash box
4. \$140-190,000 capital cost
5. Ongoing operational costs to be determined

Option E:

1. Raise fares and eliminate all period passes
2. Introduce fare capping at daily and monthly thresholds
3. Install solid state validators to accept smart cards and a mobile app
4. Replace current fare box with simpler cash box
5. \$260-390,000 capital cost
6. Ongoing operation cost to be determined.

Proposed day cap is \$6.00 (3 rides); month at \$60. Those who can afford to pay for passes up front get discount. With fare capping, everyone gets the same discount by using a phone or smart card. Few places locally are doing this; New York City will be implementing; internationally it is already being done. Risk: if monthly pass users utilize service less, then we get less. The current break-even point for monthly pass holders is \$37 (costs \$45). More analysis on this is being done as well as a survey. Technology and fare capping will incentivize use. Another risk is that all those paying cash now (over-paying) will be optimizing their payment so they will be paying less with the cap. The worst-case scenario figure is not available, but hope to have it by the Ridership meeting.

Phase 1: Fare raise in August, keep current fare media, launch mobile app (priced at a lower base rate initially until fare-capping going into effect under Phase 2. Schools and colleges with smart cards would remain at current rate until fare-capping goes into effect.

Phase 2: Approximately 6 months after Phase 1, introduce fare-capping, extend smart cards to all individuals and introduce smart card-based business/social services program. Eliminate all paper/visual-based fare media. A scale can be developed depending on number of employees or students to bring in more small businesses. Can re-scale annually as data is gained. Fare-capping still has reduced fare options, another source of revenue risk, but the same risk is there with offering a half-fare monthly pass. Also looking into the idea of a weekly fare cap.

Greg is meeting with GPCOG next week to review our plan and open it to other transit systems (Zoom, South Portland, etc). Discussion followed about extending the offer of using part of our grant funding to alleviate start-up costs (besides the local match) for other transit agencies. Metro would maintain the administration side. If shared tech is in place, sister agencies can have a different fare structure. By majority, the committee approved making the offer to South Portland and others (Mike Foley would rather the presentation be made before the offer of funding.)

The equipment cost for either Option A or Option e is \$45-75,000 per bus.

Public meetings begin in early March with one in each community and two in Portland. Definite dates will be available at Ridership. Public communication needs to be clear and positive. Create a video; point out all the improvements that have been put in place without a fare increase in 10 years. The public's percentage of cost has steadily decreased while state/federal funds have increased to take up the slack. It is now time for the public side to pick up a fairer percentage.

Proposed timeline

Public meetings	March 2019
Presentation to Ridership	2/14/19
Presentation to Board	2/28/19 (approval to go out to the public)
Board approval	4/25/19

The Finance Committee would like to see more information and, tentatively, have another meeting before the Board meets on the 2/28/19. The consultants will be working on a final RFP document that will not be released until after Board approval in April.

Greg will send additional information out to the committee as he receives it and people can get back to Paul Bradbury, Treasurer, with any objections. If there is still enough concern, another meeting will be held.

6. Future Agenda Items

7. Upcoming meetings.

- Executive Committee – February 13, 2019 at 4:30 p.m. - CANCELED
- Ridership Committee – February 14, 2019 at 4:00 p.m.
- Board of Directors – February 28, 2019 at 4:00 p.m.
- Finance Committee – March 6, 2019 at 4:00 p.m. (or earlier if warranted)

8. Adjournment

Motion made by Mike Foley to adjourn, **Second** by Jim Violette. **Unanimously approved by all present, the meeting adjourned at 6:29 p.m.**