

**Minutes of the Blue Ribbon Panel for Transportation Funding**  
**Meeting #6**  
**August 7, 2008**  
**8:30 am-10:15 am**  
**Department of Administration – Conference Room A**

**Members Present:** Jerome Williams, Dept. of Administration, Co-Chair  
William Chuck Alves, representing Michael P. Lewis, RIDOT, Co-Chair  
Lloyd Albert, AAA  
Robert Cusack, Preferred Asset Management, LLC  
John Gregory, Northern RI Chamber of Commerce  
William Sequino, Town Manager, East Greenwich  
Robert Weygand, URI  
Gary Sasse, Dept. of Revenue  
John Simmons, RIPEC

**Member Absent:** Peter Osborn, FHWA; Keith Stokes, Newport Chamber of Commerce.

**Staff:** Maureen Gurghigian, Robert Shawver, Kazem Farhoumand, Diane Badorek, and Robert Letourneau

**In Attendance:** Phillip Kydd, Heidi Cote, Bruce Landis, John-Paul Verducci, Carmela Corte, Farhad Atash, Paul Dion, Henry Schwarzbach, Kevin Flynn, Jared Rhodes, Deborah Rosen, Mark Therrien, Christopher Long, Robert Batting, Barry Schiller, Lillian Picchione, and John Flaherty.

**July 10, 2008 Meeting Minutes**

The minutes for the July 10, 2008 meeting were approved without revision.

**Meeting Overview**

Director Williams provided an overview of the meeting agenda. Because mass transit is a critical component of RI's transportation system, RIPTA was invited to make a presentation on its financial situation and funding needs. When considering options for funding the state's transportation needs, transit issues and transit funding should be included due the interconnectivity of transit with the transportation system as a whole. Similar to RIDOT, RIPTA's operations funding is provided through the state gas tax.

Media coverage of BRP deliberations is occurring and is very important to the success of the process. The public is becoming aware of the issues and has started discussion about them prior to the public meetings. Panel efforts will focus on the matrix of funding options provided by the URI Transportation Center that includes the estimated revenues and costs of each option, and the public outreach process. Presentations and discussions with public officials and the public outreach meetings need to occur soon in order to develop final recommendations by October.

Massachusetts recently approved the borrowing of \$3 billion in bonds to meet the state's transportation infrastructure needs.

**RIPTA Financial Needs: Mark Therrien, Assistant General Manager**

Some RIPTA facts:

- 3,300 daily trips on 58 fixed routes
- 9.3 million fixed route miles per year
- 25.9 million rides provided in FY 2007
- Deficit for FY 2009 is \$12.3 million on costs of \$103.2 million and revenues of \$90.9 million.
- RIPTA is RI's Mobility Manager – 2007 legislation passed by the General Assembly

While revenues are increasing from \$89.5 million (2008) to \$90.9 million (2009), the yield from the gas tax is decreasing by \$2.5 million and RIPTA will use an additional \$1.6 million in federal capital funds to meet operating costs. Federal reimbursements amount to 22.6% of the total revenue and gas tax is 36% of the

revenue. Passenger revenue will generate \$26.3 million (29%) in FY 2009, but fare box revenue will be \$9.7 million or 10.7% of total revenue. With the assistance of Senator Reed's office, RIPTA has seen its federal apportionment increase \$7 million with SAFETEA-LU; however, this legislation expires in FY 2009.

On the expense side, labor costs account for 66% of the expenses and fuel has jumped from 5% to 11.8% of the budget. ADA service represents 7% of expenses. RIPTA budgets from year to year but is now looking 5 years into the future by budgeting on existing conditions. Gas tax is a major source of operations funding for RIPTA but this source is declining. About 56% of all capital funding is going to pay operating expenses. There is sufficient federal funding available to meet capital replacement needs.

Similar to every transit system in the country, RIPTA does not have a dedicated sustainable source of funding to meet its operational needs. There have been two recent studies on RIPTA finances: RIPEC (2002) and the Legislative Commission (2007); both identified the need for new reliable sources of funding.

Recently RIPTA experienced overcrowding on some lines. To meet the overcrowding problem, RIPTA determined that 30 new buses (\$10 million) needed to be purchased and that \$3-\$4 million in operational costs would be required. With the new Rite Care standards that went into effect on July 1, 2008, RIPTA has experienced a 15% reduction in urban ridership and a 15-20% increase in suburban ridership (linked to increased gas prices). However, the suburban increase does not come close to offsetting the urban ridership decline. Ninety (90) percent of all RIPTA riders commute in Providence and Pawtucket.

The Ride vehicle replacement program is going well. Ride charges its funding sources a mileage fee which goes into a revolving fund to meet the match to capital purchases. Similarly there is a revolving loan fund that was originally capitalized at \$3 million that RIPTA borrows against to meet capital purchase for needs other than buses (bonds) and facilities (RICAP funds). RIPTA pays back the Fund at 1% below the prime rate. The major capital project for RIPTA is the construction of the Paratransit Operations and Support Center at \$38 million.

Future options for RIPTA:

The Providence Foundation and the Providence Chamber of Commerce are surveying about 3,000 people who work in Providence. About 20% take the bus to work. Of those respondents that work in the Central Business District, about 27 % take the bus to work. These numbers are greater than RIPTA expected.

The City of Providence is undertaking a Metropolitan Transit Study. This 18-month study will look at expanded bus service, light rail transit (e.g. streetcars) and bus rapid transit corridors. The study will look at a numbers of corridors in and out of the City and recommend 2-3 for further study and evaluation.

As implemented in some municipalities in the country (e.g., Portland, Oregon; Minneapolis, Minnesota), the City will look at tax-increment financing or tax overlay districts to finance transit improvements in the zones.

**Discussion:** Listed below are some observations and questions posed after the RIPTA presentation.

- Is RIPTA efficient as it currently operates? What can be modified to improve operations? RIPTA has to look at its costs and become more efficient, where possible, before seeking additional funding sources. RIPTA needs to control costs. There needs to be an appropriate balance of transportation agency fare box revenue versus the transit agency's role as a human service provider.
- RI should examine the structure of Delaware's transit system which functions as part of the DOT.
- Rite Care passes (sold for \$44 each) make up \$14.1 million of the \$26.3 million in passenger revenues. RI used this as a form of subsidy for RIPTA; however this is no longer available. Approximately 57% of RIPTA passenger revenue comes from Rite Care, while 40% of ridership comes from Rite Care. This has accounted for the single largest increase in ridership for RIPTA. This source represented a positive cash flow for RIPTA. With the loss of Rite Care funding and ridership, RIPTA operations are less sustainable.
- Personnel costs represent 66% of the budget. Health care costs have risen and labor cost increases are similar to State employee increases. RIPTA health care is a rider on the State program and

therefore is the same as the State. When 51% of the State employees are under the new health care co-pay system, RIPTA will follow suit.

- Fare box receipts are currently 10% of total revenue. The fare would have to be \$3.15 (the average cost per passenger) to fully fund transit. Service to Woonsocket, URI and Westerly is over \$4-\$5 per trip. There are a number of local Providence trips that make money based on the current fare.
- RIPTA is contemplating the purchase of hybrid vehicles to counteract the high cost of fuel.
- RIPTA service issues are not yet a business community concern. Employees not getting to work on time has not become a problem of concern for businesses.
- How will the Blue Ribbon Panel recommendations be intertwined with transit if there is tolling? There are ways to implement congestion pricing to get people to switch to transit, but a viable transit system must exist in order to meet the demand.
- Light Rail Transit (LRT) has an operating cost that is four times that of bus service. It costs \$40 million/mile to develop LRT. The economic benefit of LRT is greater than that for bus service.

The RIPTA financial needs presentation will be posted on the BRP website.

### **Public Outreach**

The Chairman requested input from the BRP and the following summarizes the recommendations that were made by the members.

It is envisioned that a series of public meetings will be held around the State to invite people to express their ideas about the transportation funding issues in RI, and to solicit input on their concerns about the infrastructure and transportation needs. These public meetings should be held close together, perhaps on four consecutive weeknights in one week. The public meetings will be scheduled in late September. A suggested schedule will be developed for the next meeting.

Separate presentations should be made to the League of Cities and Towns and to the Chambers of Commerce. The Chambers could then help to promote the public meetings by having a link from their websites to the BRP website.

A draft PowerPoint presentation is being developed by RIDOT and the URI Transportation Center. The presentation will focus on what the Panel is interested in hearing from the public. There should be an overview of how the system is operated in relation to the available funding, and the projected funding needs. How to present the potential funding options will also be discussed at the next meeting. Should a poll be developed to elicit comments and suggestions from the public? A draft of the public presentation will be posted on the BRP website.

### **Options for Funding**

At the next meeting URI will present an expanded version of the funding options matrix with cost analyses, sustainability analyses and different economic scenarios. There will be no conclusions drawn by the model; the BRP must identify the options that are the most realistic for implementation. The matrix will be posted on a virtual website for Panel member use; there will be data in each cell that will show the trade-offs, and Panel members will be able to add options.

### **Next Meeting**

Panel members were polled and the results indicated that every other Thursday at 8:30 a.m. is the preferred meeting schedule. The next meeting is scheduled for August 21<sup>st</sup> at 8:30 a.m. The agenda will include the funding options matrix and the public outreach presentations.