

**HILLSBOROUGH AREA REGIONAL TRANSIT AUTHORITY
BOARD OF DIRECTORS
FINANCE, GOVERNANCE AND ADMINISTRATION COMMITTEE MEETING
Monday, November 16, 2009 at 8:30AM
HART Administrative Office, 1201 East 7th Avenue
Tampa, FL 33605**

Board Members Present (7)

Wallace Bowers
Fran Davin
Councilmember Ron Govin
Alison Hewitt
Dr. Steven Polzin
Commissioner Mark Sharpe
Michael York

Staff Members Present

David Armijo
Sylvia Berrien
Sarah Buerkle
Vanessa Cephus
Katharine Eagan
Joe Escobedo
James Fogarty
John Green
Kathy Karalekas
Mary Lou Maynes
Brenda Mowen
David Persaud
Lena Petit
Bob Potts
Mary Shavaliere
Michael Stephens
Deborah Tamargo
David Watt

Others Present

Clark Jordan-Holmes, Stiles, Taylor and Grace
Deborah Lyns, FDOT
Ned Baier, Hillsborough County
Ted Jackovics, The Tampa Tribune
Jim Burdick, Cherry Bekaert & Holland

CALL TO ORDER AND INTRODUCTIONS

Sign-in sheets are attached.

Meeting was called to order at 8:35 a.m.

Vice Chairperson Davin announced that Chairperson Byczek was out of town and unable to attend the meeting.

MINUTES

Mr. Govin made a motion to approve the Finance, Governance and Administration Committee meeting minutes of August 17, 2009. Ms. Hewitt seconded. All Committee members present voted aye. Motion carried unanimously.

PRESENTATIONS

Organizational Performance History

Mr. Potts provided the performance history in the following areas: fleet size, infrastructure and amenities, staffing levels, reserve funds, passenger trips, and performance goals. He then spoke about the fixed route fleet growth history from 2005-2009. Mr. Potts said that the number of vehicles planned for FY2010 compared to FY2005 represent a 6.4 percent increase. He noted that with planned replacement activity, the average age of the bus fleet in 2010 will be six years. Mr. Potts noted that the demand response vehicle fleet planned for FY2010 compared to FY2005 represents a 65.2 percent increase, and paratransit ridership for 2009 compared to 2008 decreased 4.3 percent due to implementation of better practices in scheduling and the cancellation process and a lower number of employment trips. He indicated that flex service routes will be introduced during the third quarter of 2010, with the service to follow a specified route and accommodate door-to-door pick-ups on a reservation basis within three-quarter- miles of the route. Mr. Potts reported a reduction of 24 percent in non-revenue vehicles operated during 2008. He noted a significant increase in shelter placement, with 162 additional shelters installed in 2009. Mr. Potts said that the number of shelters planned for FY2010 compared to FY2005 represents a 154 percent increase. He spoke about transfer centers that have been planned and constructed. Mr. Potts indicated that HART's reserve fund continued to grow since 2007 following the Board's policy of maintaining it at the level of 25 percent of annual operating expenses. He reported that the staffing level grew 9.1 percent over the past four-year period, with non-bargaining number of employees remaining the same from 2006-2010; Teamsters positions showing limited change, and ATU positions increasing from 507 in 2006 to 562 in 2010 representing a 10.8 percent change. Mr. Potts reported that bus ridership continued to grow from 2005 to 2008, and took a 3.4 percent decrease in 2009 due to the weak economy, reduction in fuel prices, and the area unemployment levels exceeding 10 percent. He noted that the streetcar ridership essentially stayed flat, and that last year's increase was attributed to the Super Bowl. Mr. Potts continued by stating that paratransit ridership declined by 4.3 percent in 2009 compared to 2008 due to a lower number of employment trips, and the fact that many employers reduced their fare subsidies. He also said that more individuals began using fixed route service versus paratransit services. Mr. Potts reported the 9.6 percent reduction in vanpool ridership for 2009 compared to 2008. He noted that HART is no longer providing vans for the program, and as the vehicles are retired reported ridership will be phased out. Mr. Potts then presented charts demonstrating the history of performance goal attainment from 2005 through 2009 in efficiency, safety, quality of service, and ridership. He stated that the major initiatives for 2010 will be ongoing infrastructure improvements, fleet and amenities rebranding, fleet replacement, introduction of new service, and the streetcar extension.

Commissioner Sharpe arrived at 8:51 a.m.

Mr. Armijo stated that it is important to note that the agency has been operating with the same level of staffing. He also remarked that even though a number of efficiencies have been implemented for the streetcar system, streetcar ridership remains the same. Mr. Armijo said staff will be evaluating the streetcar fare structure and looking at introducing a zone concept that might contribute to a growth in ridership. He stated that other initiatives that led to improvement in efficiency were implemented by staff; for example, in the paratransit division staff is managing the service better, working with individuals on scheduling, and moving to subscription services. Mr. Armijo remarked that the fleet maintenance cost dropped by 24 percent due to more efficient operation, timely ordering of parts, and

quality of service. He said that the number of bus shelters increased over the last year, and that HART is planning to add more in the upcoming year. Mr. Armijo said he is very proud of the numbers and achievements of the organization and employees.

Dr. Polzin requested comment on ridership projections for the upcoming year.

Mr. Armijo responded that HART had over one million rides last month. He said he would anticipate growth next year, with increased ridership coming from a recovering economy, but also from the implemented efficiencies and investments on routes, among which are Routes 30, 6, and 2.

DISCUSSION ITEMS

Mr. Jordan-Holmes stated that HART's CEO has been evaluated in two categories: merit evaluation and performance bonus evaluation. He said the merit evaluation is at the level budgeted for the non-bargaining unit and is tailored to reflect the organization's achievement of its goals. Mr. Jordan-Holmes noted that in FY09 the budgeted increase was 1-4 percent. He indicated that the performance bonus evaluation is tailored to the CEO and is designed to rate him on four objective goals and one subjective goal. Mr. Jordan-Holmes stated that 10 responses were received from the 12-member HART Board of Directors. He then referred to a summary of the collected responses.

Vice Chairperson Davin asked if all Board members had an opportunity to look at the summary and solicited comments from the Board members.

Councilmember Govin noted that the committee should make a decision to send a recommendation forward to the full Board. He stated that in his estimation, the performance of Mr. Armijo is excellent. Councilmember Govin pointed out that the Board can see that the agency operates at a level that exceeds the level of operating in the history of the organization. He mentioned that the Board received a memorandum from Mr. Armijo stating that he is willing to forego the performance bonus this year. Councilmember Govin said the committee at this meeting needs to agree on a number or a value to send forward to the full Board.

Commissioner Sharpe stated that Mr. Armijo turned this agency around with his astounding leadership. He said he believes that the CEO merit increase needs to be discussed by the full Board. Commissioner Sharpe noted that over the weekend he met with his constituents in Sun City Center. He remarked that he is of the opinion that the community is paying close attention to what is happening with taxpayers' money and any merit increase or bonus will result in a negative public opinion. Commissioner Sharpe stated that the BOCC took a four percent pay decrease this year. He said that he would like to see another year of great performance and communication with the community, and then conduct an evaluation of the CEO. Commissioner Sharpe said he will be willing to consider a merit increase next year, but suggested to go through this year without an increase.

Councilmember Govin noted that not many transit leaders possess the qualities held by Mr. Armijo, with his knowledge and wisdom. He suggested that if the Board votes on an increase, it needs to have strong facts supporting the action.

Commissioner Sharpe said that he travelled with Mr. Armijo to other cities and visited other transit agencies and can say that Mr. Armijo is very respected by other professionals in the industry, that he

has a perfect background and personality for this community, and has not seen anything but achievements from him as a leader.

Dr. Polzin said he does not disagree with Commissioner Sharpe that the HART Board needs to be careful in these hard times, and the HART Board has been careful. He noted the fact that Mr. Armijo gave up his bonus is extraordinary. Dr. Polzin commented that the HART Board has a contractual commitment and obligation to the CEO that needs to be honored. He said everyone pays for talent, even in tough times. Dr. Polzin stated he thought it is more important to honor the commitment. He added that the Board should not make more of it than it is; it is one employee and a modest amount of money.

Ms. Hewitt asked if the union contract employees got a percentage increase this year.

Mr. Armijo responded that the unions' contracts expire on September 30, 2010. He noted that the non-bargaining union is budgeted for a 1.5 percent increase next fiscal year. Mr. Armijo said the FY2010 budget was approved to cover the increases. He said he fully expects that the organization will come in within budget in 2010, and may even expect to be under budget.

Mr. York said he tends to agree with Commissioner Sharpe. He mentioned that it is an unfortunate situation because excellence should be rewarded, but it is difficult to give someone an increase when it is tough for some people to keep their jobs.

Mr. Bowers remarked that Mr. Armijo has done a fantastic job, however he is concerned about public opinion. He said that he wants to be careful not to have a negative effect on the voters and their opinion because if the referendum does not pass, HART's future will be in jeopardy.

Councilmember Govin said it would be helpful as we go forward to be very clear to explain the decision not to award an increase, to have something in the Board's statement that would indicate that a mid-year re-evaluation could be considered if the economic situation changes so that the Board has an opportunity to look at it again.

Dr. Polzin said this could create confusion, and believed that it needs to be done now.

Commissioner Sharpe noted that the county administrator is being criticized for a one percent increase. He said he thinks that a sales tax increase will be a tough sell. Commissioner Sharpe stated that as much as Mr. Armijo deserves it having done a phenomenal job, the Board knew it was going to be a tough year, and that sacrifices need to be made for one more year to move forward with a massive initiative.

Ms. Hewitt pointed out that these are hard economic times for the community, but not for HART. She noted that the Board is making tough decisions for public perception, but that HART is a healthy organization with reserves. Ms. Hewitt stated that the Board needs to be respectful to the community and explain why it makes a decision to award an increase, because we have an extraordinary organization and have been working hard for achievements.

Ms. Davin suggested that a compilation of the Board members' comments be sent forward to the full Board of Directors and left for a determination by the full Board. Said the committee represents 7 out of 12 Board members.

Dr. Polzin requested that Mr. Jordan-Holmes confirm that the Board could ignore the contract's provision for a merit increase, at least for a minimum increase.

Mr. Jordan-Holmes said that he did not think there is a legal requirement that the Board give the CEO a merit increase.

Vice Chairperson Davin said that this discussion does not center around the assessment of the CEO's performance since there is a total consensus that his performance was above and beyond what was anticipated. She noted that when the Board discusses dollars they do not discuss the merit of the bonus being earned. Ms. Davin complimented Mr. Armijo on the gesture of foregoing the bonus which demonstrates good leadership and that he puts the interests of the agency ahead of his own. She noted that budgetary circumstances of all government agencies dictate certain actions and hence the BOCC, school district, and the mayor sent messages to the community that need to be taken into consideration.

Mr. Jordan-Holmes noted that the second page of the provided summary includes individual comments from the Board members.

FY2010 CEO's Performance Bonus and Merit Setting

Mr. Potts presented the key strategic initiatives and tasks for fiscal year 2010 that include advancement of new projects, improving of image, and improvement of employee performance and compliance process. He noted that among the new projects are the AA study, streetcar extension, fleet replacement, and neighborhood FLEX service. Mr. Potts said that under the improvement of image category it is projected that rebranding of the bus and van fleet, transit centers and bus stop signs will be completed. He indicated that the negotiations process for implementation of new agreements or contract extensions with both unions is planned for completion prior to year end FY2010.

Vice Chairperson Davin asked if there is a reason why a financial management component is not included for the next year.

Mr. Armijo commented that a finance component is present in each of the initiatives.

Vice Chairperson Davin requested that benchmarks be set for a financial component for next year.

Mr. Armijo said that the list of initiatives reflects a significant number of capital projects for FY2010 due to the fact that HART's capital budget in FY2010 is the largest in the organization's history.

Mr. Potts presented the proposed CEO performance bonus evaluation goals, criteria and rating chart which are comprised of the Board's adopted quantitative organizational goals.

Vice Chairperson Davin said that this information should also be forwarded to all HART Board members for information and consideration.

INFORMATION ITEM

Internal Audit on Analysis of Policies and Procedures Related to Human Resources, Drug and Alcohol Testing and Payroll

Mr. Persaud introduced Mr. Burdick, HART internal auditor, to provide an overview of the completed report on human resources, drug and alcohol testing and payroll.

Mr. Burdick reported that his company looked at HART's HR activities, payroll, and drug and alcohol process and found these areas in good condition. He then presented a summary of recommendations, such as absence of SOPs for the review and approval process for changes to the HR master database; the fact that much of the process of monitoring personnel positions authorized by the budget is manual, using electronic spreadsheets; clerical errors that sometimes occur in the daily board reports because of changes resulting from extra time added for traffic or other delays which result in extra time spent on review for the payroll function; and that several different programs and methods are used to input payroll data to process regular payrolls. Mr. Burdick noted that all processes in place are appropriate in the drug and alcohol testing area.

Councilmember Govin asked if, in the auditor's opinion, staff provided satisfactory responses following the recommendations.

Mr. Burdick responded that he believed the responses that are provided by staff are fully appropriate.

New Starts Update

Ms. Shavaliere reported on the ongoing efforts of the AA study. She touched upon technical components, including travel demand model enhancements, alternative definitions, evaluating and comparing alternatives, identifying and evaluating potential yard and shop locations; outreach and coordination that include committee and agency coordination, community outreach, and project website update; and funding. She noted that the FTA had a number of concerns with the travel model that they communicated to HART staff back in August that were related to the structure of the model and zones. Ms. Shavaliere outlined the recent FTA comments on the work scope for the model enhancements, which include confirming patterns using CTPP2000 data, conducting further analysis to confirm that the project is reasonable, ensuring system characteristics are reflected in the model, and submitting a ridership forecasting scope to the FTA.

Commissioner Sharpe left at 9:36 a.m.

Ms. Shavaliere said that work on the model enhancements is being undertaken by three agencies - FDOT, MPO and HART. She indicated that when building an alternative definition, the factors taken into consideration are as follows: developing low-to medium-range alternatives, consideration of physical and environmental issues, right of way availability and bridge crossings, operations and markets served. Ms. Shavaliere presented the drawings of the transit envelopes. She spoke about alternatives prioritization based on the following goals: improve transit travel speed; make transit more accessible, increase transit ridership, increase transit mode share, provide transit services with benefits that warrant the level of investment required to cover capital and operating costs, select a project that can be built and operated with available or planned funds, and provide transportation improvements

that foster positive environmental benefits. Ms. Shavaliere spoke about issues under discussion with Westshore, such as reviewing termini at the TIA bus transfer center. She indicated that HART had discussions with the aviation authority about additional space for a potential station. Ms. Shavaliere informed the Board members that HART staff will be organizing additional bus tours to view some of the alternatives. She provided a summary of the public comment, with Bruce B Downs Blvd/30th Street as a preferred alignment in the northeast corridor, and Kennedy Boulevard favored in the West corridor. Ms. Shavaliere pointed out that Kennedy Boulevard presents a challenge from the business and residential access point. She said public comments reflected that most respondents see the benefits of enhanced transit as an alternative to driving, with light rail as the preferred technology. Ms. Shavaliere then spoke about transit oriented development as a critical element in the project. She said the work plan is being prepared to guide land use efforts. Ms. Shavaliere stated that on November 3, 2009, the BOCC directed the county attorney to draft a resolution of intent to place the initiative on the November 2010 ballot for discussion at its December 2 meeting. She noted that detailed background information is being prepared at the request of the county on revenue and cost assumptions, project and services rationale, and the business plan for delivering expanded service. Ms. Shavaliere remarked that HART staff will have a meeting with the city and county finance staff on November 23 to discuss outstanding issues.

Vice Chairperson Davin requested details on what materials will be put before the county commissioners.

Ms. Shavaliere responded that the information will be compiled on cost and revenue assumptions that will explain how we came up with the local enhancements.

Vice Chairperson Davin said she was concerned that there were some comments from the BOCC that they were not given sufficient back-up material in a timely manner before the meeting.

Ms. Shavaliere said that staff committed to provide the requested information to the County that day.

Vice Chairperson Davin suggested that HART give BOCC members briefing books with the highlights they need to know before the December meeting.

Mr. Armijo agreed that it is extremely important to provide the BOCC members with the key facts because the abundance of information between TBARTA's business plan and TTF recommendations makes it very complicated. He noted that the message should be that we are coming closer to making a decision.

Dr. Polzin asked when HART expects to be in the position to know if the agency will be competitive for federal funding support. He asked when HART will have confidence that the submitted projects will be eligible for the FTA money.

Ms. Shavaliere responded that in the spring HART will get an idea of how our project will rate nationally. She indicated that HART will have high marks in the financial area if the county has a plan to go forward with a referendum.

Dr. Polzin said that it will be critical in the referendum discussions to let the public know if there will be federal dollars in the project.

Vice Chairperson Davin noted that the BOCC members will vote to authorize staff to write an ordinance for a referendum, and asked whether they understand that our finance position enhances our position in the federal line.

Ms. Shavalier said the HART consultant-modeler believes that the projected ridership from the model analysis will result in a higher number.

Dr. Polzin expressed his concern about the demographic assumptions.

Mr. Armijo said he shared the concerns about the demographics data used in the model. He noted that we have to make some decisions at a time of falling numbers, and that it is very difficult to project 20-30 years out in the current marketplace. Mr. Armijo stated that in spite of this, the corridors HART is looking at have significant amount of data and information and that he feels confident that we can count on the information in these two corridors. He said he believed that we will come out of this with a good product and could make some decisions on the two corridors.

The meeting adjourned at 10:01 a.m.