



ROCKFORD MASS TRANSIT DISTRICT

Board of Trustees SPECIAL BOARD MEETING #937 Minutes
January 9, 2020 - 3:30 p.m.

RMTD Conference Room
520 Mulberry Street
Rockford, IL 61101

ROLL CALL:

BOARD OF TRUSTEES:

Herbert L. Johnson – Board of Trustees, Chairman
Stephen K. Ernst – Board of Trustees, Vice Chairman
David Sidney – Board of Trustees, Secretary/Treasurer (*Absent*)

STAFF:

Michael Stubbe – Executive Director
Ron Schoepfer – Director of Finance
Denny Hendricks – Director of Operations
Dan Engelkes – Risk & Facilities Manager (*Absent*)
Lisa Brown – Marketing & Public Relations Specialist (*Absent*)
Paula Hughes – Grants Specialist
Lawrence Tennial – Maintenance Manager (*Absent*)
Susan Campbell – Human Resources Manager
Erin Jenkins – Executive Assistant & Meeting Secretary

CALL TO ORDER:

The Board Chairman called the meeting to order at 3:30 p.m.

APPROVAL OF AGENDA:

The Board Chairman asked for and received a motion to approve the agenda for January 9, 2020. The motion was seconded and passed.

EXECUTIVE DIRECTOR

(a) Approval of ATU Contract (November 1, 2019 - October 31, 2022)

The Executive Director presented a summary of the tentative agreements between the Rockford Mass Transit District (RMTD) and Amalgamated Transit Union Local 1333 (ATU) applicable to the two (2) collective bargaining agreements (CBA's) between the RMTD and the ATU for the Fixed Route and Paratransit operations.

The Executive Director stated as you may recall, the most recent CBA's between the RMTD and ATU were to have expired by their terms on October 31, 2018. However, because the ATU did not provide the required advance notice to terminate the most recent CBA's, they continued for another year and, therefore, expired as of October 31, 2019 (following the ATU's provision of timely notice during the summer of 2019).

The Executive Director stated the negotiations on new CBA's began in earnest on July 31, 2019 and continued through a series of eleven (11) bargaining sessions, with tentative agreements on all

terms being reached on December 18, 2019. The wage adjustments that are allowed by the tentative agreements are retroactive to November 1, 2019 (with retroactivity contingent on the ATU's acceptance of the tentative agreements on or before December 31, 2019 – a contingency that has been satisfied since the ATU's membership voted to accept the tentative agreements on December 20, 2019). A discussion ensued regarding the relevant terms of the new CBA's. The RMTD's Bargaining Committee requests that the Board of Trustees approve the tentative agreements on both CBA's.

The Board Chairman asked for and received a motion to approve the two Collective Bargaining Agreements (CBA's) between RMTD and the ATU for the Fixed Route and Paratransit operations (November 1, 2019 – October 31, 2022) With no further discussion, the motion was seconded and passed.

(b) Approval of Financing Change to Current Hybrid Bus Order

The Executive Director stated the RMTD Board previously approved the purchase of 5 Hybrid buses using \$3,610,580 of 5307 Federal Urbanized Area Formula Funds in the current \$6,500,000 grant programmed for replacement buses. See table below.

Current Hybrid Bus Funding:

Awarded Buses		FTA	STATE	LOCAL	TOTAL	
5 Hybrid Buses	\$3,610,580	(\$722,116 each)	\$3,610,580	\$0	\$0	\$3,610,580

Recently, RMTD Staff began reviewing the feasibility of utilizing the Illinois Downstate Operating Assistance Program (DOAP) Debt Services option for future procurements. Under Debt Services, the principal and interest from a loan are eligible operating expenses. Debt Services is an option that several downstate Illinois transit properties have utilized in the past to reduce the reliance on limited federal funds to purchase replacement buses.

RMTD Staff reached out to Illinois Department of Transportation (IDOT) Staff to discuss the process for utilizing the Debt Services option. Based on further discussions with IDOT Staff, it was determined the Debt Services option could still be utilized for the current 5 Hybrid bus order by amending RMTD's FY 20 State DOAP grant.

RMTD Staff discussed the process for utilizing the Debt Services option with our new banking partner, Illinois Bank & Trust. After reviewing the process, Illinois Bank & Trust confirmed they would be able to increase the existing \$1,500,000 line of credit with RMTD and provide a short term loan (current interest rate of 3.6%) to cover the full cost of the current 5 Hybrid bus order.

Under the proposed loan and Debt Services option, the \$3,610,580 loan principal and additional interest would be an eligible operating expense under DOAP. The 65% of principal and interest would be paid with DOAP funds. The 35% Local match on the principal amount would be funded using 5307 Federal Urbanized Area Formula Funds from the current grant. A small 35% Local match would also be required on the loan interest. RMTD would plan on paying the loan back within 4 months. See table below.

Funding Detail using Debt Services:

		FTA	STATE	LOCAL	TOTAL	
Principal - 5 Hybrid Buses	\$3,610,580	(\$722,116 each)	\$1,263,703	\$2,346,877	\$0	\$3,610,580
Interest (estimated)	\$27,456	\$0	\$17,846	\$9,610	\$27,456	\$27,456
Total		\$1,263,703	\$2,364,723	\$9,610		\$3,638,036

Following approval of the proposed short term loan from Illinois Bank & Trust, Staff would undertake the remaining associated tasks: DOAP funds would be added to the current FTA grant amendment in place of the TDC's; the current FY 20 State DOAP grant would be amended to add the Debt Service amount; and an award concurrence request would be sent to the State along with all other debt service documentation.

The benefit to RMTD with approving the proposed loan and Debt Services option is it increases the amount of DOAP funding RMTD utilizes from the state. As outlined in the FY20 Operating Budget, RMTD only utilized \$11.4 million of the over \$25 million in DOAP funds appropriated to the area for this year due to limited local matching sources. By leveraging an additional \$2,364,723 in DOAP funding in FY 20, RMTD is able to reduce its sole reliance on 5307 Federal Urbanized Area Formula Funds to purchase rolling stock. As a result, 5307 Funds can be leveraged further to purchase additional vehicles with alternative fuel technology, fund the local share of preventative maintenance costs, and/or fund the local share of additional service.

Based on the aforementioned benefits, Staff recommends the Board approve executing a short-term loan with Illinois Bank & Trust in the amount of \$3,610,580 to cover the cost of the current 5 Hybrid bus order.

The Board Chairman asked for and received a motion to approve the Financing Change to the Current Hybrid Bus Order. With no further discussion, the motion was seconded and passed.

- (c) Resolution No. R-20-01 – Resolution Certifying Hybrid Bus Utilization for Public Transportation
The Executive Director stated Resolution R-20-01 is a resolution that the Rockford Mass Transit District certifies that the five (5) Hybrid Buses which will be utilizing Downstate Public transportation Assistant grant funds, are required for the day-to-day provision of public transportation within the next 24 months, provided that, in undertaking and administering the acquisition and ownership of the equipment and facilities, the participant complies with the department’s public transportation capital improvement grants manual and supplemental operating assistance guidelines.
The Board Chairman asked for and received a motion to approve Resolution R-20-01 Resolution Certifying Hybrid Bus Utilization for Public Transportation. With no further discussion, the motion was seconded and passed.

ORDER OF ADJOURNMENT

A motion was made and received to adjourn. The motion was seconded and passed. The Board Meeting adjourned at 3:45 p.m.

Respectfully submitted,

Erin Jenkins
Executive Assistant and Board Meeting Secretary
Rockford Mass Transit District