

**TRANSIT AUTHORITY OF NORTHERN KENTUCKY**  
**Board of Directors**  
**May 8, 2019**

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The TANK Board of Directors meeting was called to order at 5:30 p.m. on Wednesday, May 8, 2019 at the TANK Offices at 3375 Madison Pike, Ft. Wright, KY 41017 by Mr. Tim Donoghue, Board Chair. Mr. Donoghue requested all to stand for the Pledge of Allegiance.

In attendance were: Mr. Tim Donoghue, Board Chair; Mr. Brian Ellerman, Vice-Chair; Mr. Ed Kuehne; Mr. Jim Parsons; Mrs. Gina Rittinger; Mr. Dave Sogar; Ms. Laura Thompson; Mr. Bill Voelker; Mr. Andrew Aiello, General Manager; Mr. Mike Duncan, Legal Counsel; and Mrs. Nancye McClanahan, Executive Assistant.

Absent from the meeting were Mr. Scott Guenther and Mr. Dave Anneken, Secretary-Treasurer.

Mr. Donoghue asked for a motion to approve the April 10, 2019 Board Minutes. *Mr. Kuehne made a motion to accept the minutes of April 10, 2019. The motion was seconded by Mr. Voelker. MOTION PASSED.*

**AUDIENCE RECOGNITION – Mr. Donoghue**

- Mr. Donoghue asked if there was any audience recognition and there was none.

**PENSION COMMITTEE – Mrs. Douthat**

- Mrs. Douthat reported the Pension Committee met on April 17, 2019. Present were Chairman Phil Wiedeman along with Committee Members Tim Donoghue, John Boland and Gina Douthat. Also attending the meeting was Andrew Aiello, TANK General Manager, Ken Donaldson, US Bank, Harold Kremer, Barnes Dennig, Alex Fuchs TANK's Finance Manager and Paul Thiel, Plan member.
- **Finance** – Mrs. Douthat reported:
  - Ken Donaldson from US Bank reviewed the performance of the market over the first quarter of the year.
  - The Plan continues to hold a balanced investment objective. The account is currently 58.47% equities, 33.00% fixed income, 5.4% domestic real estate, 1.97% commodities and 1.17% cash.
  - The total portfolio balance reported 3/29/2019 is \$11,825,506. Current yield is 2.29%.
  - The full Market Review and Outlook Portfolio Overview and Performance document provided for the first quarter by US Bank is available for anyone that would like to review them.

- **Audit/Actuary General Update:**
  - Actuary has completed 2018 GASB and Funding Actuarial reports, required for the TANK Audit.
  - **Key Findings** from the 2018 Actuarial report –
    - Pension fund accrued liability has increased to \$23,928,180 compared to \$22,978,379 in 2017.
    - The number of participants in the plan has decreased to 420 from 430 in 2017.
    - The plan remains underfunded and will not fully fund benefits in the foreseeable future, absent benefit reductions or increased contribution levels. Funded Ratio is at 45%, down from 46% in 2017.
    - The funding projection has improved since 2017. The Plan is now projected to deplete assets in the year 2069. The insolvency period is now further in the future primarily because the Actuary revised the termination rate assumption based on an experience study prepared that indicated more active employees terminate before retirement age which helps the plan.
- Mrs. Douthat reported Barnes Dennig finalized the 2017 Audit in November and is now collecting data to begin the 2018 Audit. The audit will take place in June.
- **Auditor – Security Breach:**
  - The pension committee was recently informed of a potential security breach in the firm that conducts the pension audit. There was a phishing campaign that compromised one of Barnes Dennig’s employee email accounts.
  - They have not been made aware of any fraud or identity theft related to this incident; however we are taking precautions to protect the identity of all affected parties.
  - Mrs. Douthat reported Barnes Dennig will mail a letter to all affected TANK pension plan members with information regarding the security breach. In the letter, Barnes Dennig will detail that they have agreed to provide credit monitoring and identity protection services to those affected by this incident. Specifically, they are offering a complimentary one-year membership of Experian Identity Works. This product helps detect possible misuse of personal information and provides identity protection services focused on immediate identification and resolution of identity theft.

Mr. Donoghue thanked Mr. Aiello and Mrs. Douthat for having their phone number placed in the letter to the pensioners so if they have a problem working through this they can be helped.

**FINANCE COMMITTEE – Mr. Parsons**

- Mr. Parsons reported the Finance Committee met on Tuesday, April 30. He reported the committee reviewed the financial statement for the month ending March 2019. Mr. Parsons indicated the trend of lower ridership continues. Revenues are down but overall expenses are down \$825,058 year-to-date on our budget and revenues are down \$510,434. So even though we have less ridership and revenues, we are actually adding to our reserve because of lower expenses. We expect that trend to continue the remainder of the year. Mr. Parsons reported the committee also looked at the draft budget for Boone, Campbell and Kenton County which we will discuss later in this meeting.
- Mr. Parsons reported we had a presentation and discussion about the FY 2020 Administrative Comp Analysis and Implementation. He reported Mr. Aiello went over with the committee how it would be implemented this year provided it is approved by the Board. Mr. Parsons indicated the Finance committee recommended approval by the Board.

***Mr. Parsons therefore made the motion to approve the proposed Administrative Grade Structure for FY 2020 and the Administrative Merit Grid for FY 2020. The motion was seconded by Mr. Voelker.***

Prior to the vote, Mr. Aiello referred to the Memo that was presented to the Finance Committee. It shows TANK hired a compensation review firm to look at the grade structure within our organization – it had not been updated for about ten (10) years. Mr. Aiello indicated it needed to be refreshed and reflect market rates. He indicated the Committee was provided a detailed report from the consultant. The conclusion of this analysis would be for Staff and the Finance Committee to recommend to the Board to approve the updated grade structure. This is the structure Managers would use when hiring a new employee and know where folks fit when it comes to the annual review.

Mr. Aiello reported the second part of this is the proposed Merit adjustment. Each year the Board approves and annual Merit adjustment matrix – this is similar to what you have seen in the past. He said the one difference is there is now a spread for a difference between the maximum amount of merit adjustment for those below midpoint, at midpoint and above midpoint. The compensation consultant and the strategy are to manage toward the middle of each grade. Mr. Aiello said it was very similar to what we have done in the past with a slight variation. Overall, the projected compensation as it relates to the Administrative side is budgeted around three percent (3%) and when you apply this grid to our current workforce and project it out over FY 2020 we believe we will be very close to budgeted amounts.

He reported the third component, if the Board approves the grade structure, the merit grid and is put into place with our current workforce - there are a few folks that are slightly below in these grades and a few that are above the maximum. The memo shows you how we propose to handle each of these situations. The total budget impact of implementing all of this into our current Admin structure and is less than eight thousand dollars. He said this is a very minor increase and it does not require a budget change. There are a couple of jobs, based on the consultant's review, which have been re-classified based on the work, skills and responsibilities for those jobs. Mr. Aiello said he would be glad to answer any questions.

Mr. Parsons indicated the Finance Committee felt it was reasonable and they did a really good job putting this together. He reported this is being dealt with in terms of what the budget is and again we felt it was a reasonable way to go. Mr. Aiello reported this is solely for the Administrative employees. The operators and maintenance positions fall under the Collective Bargaining Agreement which is outside of this – again, this is only the Administrative positions. **MOTION PASSED.**

- Mr. Parsons reported the committee discussed the HVAC Replacement RFP. Bids were to be received by this evening. Mr. Hock, Director of Maintenance, provided the information to the Board. Mr. Hock reported TANK issued an RFP for the replacement of the existing air conditioning and air handling units. MSA Architects and KLH Engineers were contracted for the technical specifications for the proposal package. The RFP was issued on April 18<sup>th</sup>. The proposal was issued to seventeen (17) firms, two declined immediately due to prevailing wage as the reason not to bid. The proposals were due back on May 2<sup>nd</sup> and at the deadline we received one proposal from Debra-Kuempel. Following the receipt of one proposal we contacted the remaining fourteen (14) firms that we sent our request to – only one responded to why they did not bid and it was due to prevailing wage. Mr. Hock reported the committee did meet to evaluate the proposal as if we had received multiples – the scores are included in your Board packet. Debra-Kuempel scored well. The proposal came in at \$255,400 with an option for additional air-balancing of \$6,800.

Mr. Hock indicated because there was only one bid we had to do additional work and review the price to determine if it was fair and reasonable. We received more information from Debra-Kuempel and broke down the bid to see what type of equipment, materials, labor, etc. It was evaluated by MSA Architect and KLH Engineers – they determined it was fair and reasonable. Mr. Hock asked for questions. Mr. Parsons said he knew this was done pretty quickly because of the issue but did MSA Architect and KLH Engineers provide any estimates at the front end of what this might be and how does it compare to the cost. Mr. Hock said actually the cost amount assessed in January and the original cost estimate early in the process was for about \$150,000 but it did not include everything that was included in this scope of work. There was some additional structural work to be

done with the roof supports and general contracting work that was included. Even though the original estimate was \$150,000 we feel this is fair and reasonable. Mr. Parsons asked if it is unusual to not get more bids because of prevailing wage or is that the normal. Mr. Hock said that federal procurement requires construction projects over \$150,000 that prevailing wage be included. He said he cannot say 100% that it is common or not common with prevailing wage but he knows it is a factor with some firms but MSA and KLH both said no one is hurting for work.

*Mr. Parsons said based upon the report by Mr. Hock he would make the motion to approve the RFP for the HVAC Replacement not to exceed \$288,200.00. The motion was seconded by Mr. Ellerman. MOTION PASSED.* Mr. Sogar indicated he was opposed as we only received one proposal.

#### **PLANNING & MARKETING COMMITTEE – Mr. Voelker**

- Mr. Voelker reported the committee met April 30<sup>th</sup>. Ms. Rennekamp was asked to provide the Marketing update to the Board. Ms. Rennekamp reported she had two marketing updates that they have recently launched. She reported the Customer Feedback form has gone live. She indicated instead of contacting the Call Center directly a person can now go on-line. On TANK's homepage there is a "connect" button at the top of the page. The person can include their name, picture, comment, etc. and it feeds directly into our Customer Assistance system. She feels this will give us a lot of accurate information directly from the person about their experience.

Ms. Rennekamp reported they have officially launched our on-line "Chat" function. When you go to TANK's website on Google or your desk-top device you will see a button that will say "Chat-With-Us" - this is our *Chatra* program. During regular business there are two *Information Specialists* answering questions as the questions/comments come in. She reported the new service is quickly growing even though we have not actually promoted it. She reported, as-of-today, we have had 459 conversations. We started with a proposed response time of 1 to 2 minutes. We found the response time was actually approximately 73 seconds but today's average response time was 47 seconds.

- Mr. Voelker asked Mrs. Douthat to report on the Transit Network Study Consultant Selection. Mrs. Douthat informed the Board there would be an *Action Item* tonight. Mrs. Douthat reported in February we issued a Request for Proposals (RFP) requesting for consultants to complete a study for TANK. We conduct studies like this about every five (5) years.

With the closing of the RFP on March 21<sup>st</sup> we received proposals from eight firms. The Selection Team consisted of Frank Busofsky, Andrew Aiello, Gina Douthat, Robyn Bankroft (OKI) and Mark McEwan (Cincinnati Metro). The team evaluated each of the proposals using the following criteria:

- Project Approach: The overall quality and planning approach used to address the key requirements of the RFP. (30%)
- Firm Experience on similar projects. (20%)
- Individual team/Staff proposed experience and qualifications. (15%)
- Work Plan and Schedule. (10%)
- Price (25%)

The team short-listed three firms who were interviewed in mid-April. They included: Jarrett Walker & Associates, Nelson/Nygaard and Tindale Oliver. Following the post-interview, the evaluation team met again to adjust and finalize scores. The evaluation team's recommendation was unanimous; TANK should move forward and approve Tindale Oliver to do the 2019 Network Study update. They were selected specifically for their experience of redesign as we are heading in that direction. This update will be slightly different as we will be looking at our system from scratch and looking at a complete redesign. She reported they looked at the Tindale Oliver team compared to the other teams from a depth standpoint and found Tindale Oliver to be a very deep team along with a wide variety of folks that will help do the study for us.

Therefore, we are seeking approval to enter into contract negotiations and scope refinement with Tindale Oliver for the 2019 Transit Network Study Update. She also asked authority for the General Manager to sign a contract with Tindale Oliver in an amount not to exceed \$250,000. This figure represents the original proposal price of \$230,000 plus approximately 8% contingency to allow for some flexibility in negotiations while remaining within the project budget of \$250,000. Mrs. Douthat informed the Board this study will be fully funded with capital planning funds and is already allocated.

***Mr. Kuehne made a motion to approve Tindale Oliver to for the 2019 Transit Network Study Update in an amount not to exceed \$250,000. Ms. Thompson seconded the motion. Mr. Donoghue asked for any other discussion on this motion. MOTION PASSED.***

- Mr. Voelker asked Mrs. Douthat to provide information regarding Mobile Ticketing. Mrs. Douthat reported the Mobile Ticketing process is coming to an end. The evaluation team has made their preliminary decision and we will be moving forward over the next month or two. We will be partnering with a joint-procurement group of multiple public transit systems, mostly in Ohio - it is called NEO Ride. Mrs. Douthat said it is a council

of governments that has joined so they can do procurement together and do major projects. TANK, being outside of Ohio, will be joining as the first out-of-State group. We are finalizing the arrangement now and over the next month we will finalize all of the agreements/framework. She reported next month we will be coming back to the Board for a resolution. Once we are a member of NEO Ride we will have access to a Mobile Ticketing agreement that they have already procured. At this point there is no *Action* required.

- Mrs. Douthat indicated she had another FYI item. Friday, May 17<sup>th</sup> is Bike-To-Work-Day. We invite people to ride their bikes to work that day, load their bike on the bus and use transit as part of their commute to work. On that day TANK, Metro, Butler County and Clermont County all offer *free* rides to people bringing their bike on board. Typically, a couple of hundred people take advantage of the promotion on that day.

#### **OPERATIONS & Safety Committee – Mrs. Rittinger**

- Mrs. Rittinger reported the committee met on Wednesday, May 1<sup>st</sup>. We discussed the Accident/Safety Report with Mr. Lockman. She reported for the month of April we had 6 preventable collisions which equates to 5.85 accidents per 400,000 miles driven. Year-to-date, she reported, we are at 27 preventable accidents (6.69 per 400,000 miles driven) compared to last year which was 18 (4.23 per 400,000 miles).

She reported the committee had a spirited conversation around safety and how we can continue to improve. Mrs. Rittinger reported that 25% of our accidents happen on site. For the first quarter of this year, 33% of the accidents were on our property. She reported drivers with less than 3 years driving experience had 14 accidents in the first quarter while drivers over 3 years' experienced 13 accidents. From year-to-year, driver seniority does not seem to play a large role in accident rates.

The committee suggested to staff to continue to include some remarks about safety in/around the property at every monthly Safety Talk. We discussed other various ways to safely move our buses in and out of the garages and around the property.

- Ms. Rittinger reported we had an RFP for Fixed Route Scheduling Software. She asked Mrs. Whiteker for her presentation on the RFP. Mrs. Whiteker reported our current scheduling software is at the end of its useful life. In February we put out an RFP for software to replace our current system. In addition to the scheduling component we also requested two optional items. They included:
  - A vacation bidding module – All vacation bidding automated instead of a paper process.

- Employee self-service – Employees can actually go on line to bid on work, vacation requests, etc.

Mrs. Whiteker said the Memo within your Board packet details the contract information along with the procurement process. She reported the solicitation was sent to twenty-six (26) firms and six firms (6) responded. There were two rounds of evaluation and following the interviews, the evaluation team met and finalized scores to make a final recommendation to award the contract to Clever Devices. Mrs. Whiteker acknowledged the representative from the firm that is attending the Board meeting this evening.

The contract is for a period of 5-years with 5 additional one-year options. The total cost for the Fixed Route Scheduling Software and Maintenance is \$289,011 Mrs. Whiteker informed the Board this purchase is a Federal Capital purchase.

*Mr. Rittinger made the motion to approve the 5-year award for Fixed Route Scheduling Software and Maintenance to Clever Devices for amount not to exceed \$289,011. The motion was seconded by Mr. Sogar. Mr. Donoghue asked for any additional discussion on the motion and there was none. MOTION PASSED.*

- Mrs. Rittinger reported the committee discussed the Bus Cleanliness Assurance Program. She asked Mr. Hock to bring us up to date. Mr. Hock said in our Strategic Plan, listed under “Exceptional Customer Service” is our Vehicle Cleanliness Assurance Program. About a year ago the Operation’s Team started doing monthly audits on bus cleanliness. At the beginning of this year the Maintenance department took it over. Monthly we gather a group of Operators and Maintenance members to go out at 5:00 a.m. on a Friday morning to inspect 5 buses each. Typically we try to get 8/9 people to inspect the buses. This month we had 40 coaches inspected which represents about 28% of our total fleet. Mr. Hock reported we check 22 total items on the bus – 16 on the inside and 6 on the outside.

After the inspection, we grade the overall score than look at the interior and the exterior scores – look at what was worst and what was best. This is an opportunity to see where we may be lacking and continue where we are excelling. Additionally, we sort the report by the individuals that actually perform the work and we share the information with them – showing where they need to improve and where they are excelling. This data is helping to continually improve and refine our bus cleaning processes and procedures. Mrs. Rittinger thanked Mr. Hock for his report.

**GENERAL MANAGERS REPORT – Mr. Aiello**

- Mr. Aiello passed out to the Board information regarding the Draft Budget with Boone, Campbell and Kenton County. He reported this was discussed at each of the committee

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meetings this month. We heard back Kenton County Fiscal Court that this would be a very tight budget year for them. We heard from all three Fiscal Courts and they understood we are in a long-term planning process where we may need a redesign of our system to better meet our long-term trend.

With that being said, it was understood that we would potentially be using some of TANK's reserve funds. What was undetermined at the time of the committee meetings was what exact number we were trying to hit in terms of a target. Mr. Aiello said what you received earlier this week was a contribution from reserve funds that we thought hit the target. After hearing from Kenton County at 5:15 p.m. this afternoon, the target was updated. Mr. Aiello said the numbers were recalculated based on the new numbers based on updated information from our funding partners. He said the information he just passed out is the most current information.

Mr. Aiello reviewed with the Board of Directors the:

- Baseline Expenses/Revenues
  - Use of \$693,000 of TANK's reserve funds
  - Updated County Request for FY 2020
- Impact on Reserve Funds
  - End of FY 2018 Reserve Balance
    - \$3,642,918
    - 15% of annual operating amount
    - 1.75 months of operation
  - After use of \$563,469 of TANK's Reserve Funds
    - \$3,079,449
    - 12% of annual operating amount
    - 1.5 months of operations
- Impact on Reserve Funds
  - Current FY 2019 Reserve Balance (Year-to-Date\_)
    - \$4,242,914
    - 17% of annual operating amounts
    - 2.0 months
  - After use of \$563,469 of Reserve Funds
    - \$3,679,445
    - 15% of annual operating amount
    - 1.8 months of operation

Following discussion, Mr. Aiello asked the Board if they are amenable to this one-time contribution. If so, the Board can approve the Budget as proposed with this contribution from TANK reserves and all other items unchanged. Essentially, this would be our final budget unless we hear back from the Fiscal Court of another change and then we would go back to the Board.

Mr. Parson said we discussed this quite a bit at our meeting. At that time we were discussing a higher number being pulled from the reserve. We felt for a one-time deal it was a reasonable solution for this year. There would have to be an understanding that we could not do this every year. It keeps our service levels the same and it is only a one-time thing. By doing it this way all of the Counties would get a slight reduction from the original request. Mr. Parsons said it is a good plan and he would recommend us moving forward under this scenario.

Mr. Sogar asked the amount of service reduction that would be needed if we do not use TANK reserves at this time. Mr. Aiello said it would be a pretty significant reduction - approximately 10,000 hours of bus service a year.

*Mr. Parsons made the motion to approve the recommendation as presented tonight with the use of the reserves as indicated for this fiscal year. If there are no other changes from the Fiscal Court, this will stand as TANK's final budget. The motion was seconded by Mr. Ellerman. MOTION PASSED.*

Mr. Aiello told the Board he will report these updated figures back to the Fiscal Courts. He will make sure you all get a final budget with full detailed numbers plugged in. If we hear any other changes between now and last readings of their budgets the end of June you will be advised.

**GENERAL COUNSELS REPORT – Dr. Duncan**

- Mr. Duncan said he did not have anything to report at this time.

**NEW BUSINESS – Mr. Donoghue**

- Mr. Donoghue asked if there was any Old Business and there was none.

Mr. Donoghue requested a motion to adjourn the meeting. *Mr. Voelker made the motion to adjourn the Board Meeting. The motion was seconded by Mr. Kuehne. MOTION PASSED.*

The TANK Board of Directors meeting adjourned at 6:25 p.m.

**Respectfully Submitted**  
**Nancye McClanahan**  
**Executive Assistant**

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David L. Anneken, Secretary-Treasurer

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Tim Donoghue, Board Chair