

REGULAR BOARD MEETING - BLOOMINGTON PUBLIC TRANSPORTATION CORPORATION (BPTC) APRIL 7, 2015, 5:30 P.M.

In the Edward J. Kuntz Board Room of the Bloomington Transit Operating Facility, 130 W. Grimes Lane, Chairman Obermeyer convened the regular meeting of the Board of Directors of the Bloomington Public Transportation Corporation.

ROLL CALL

Board Members present: Chairman Obermeyer, Vice Chairman McDaniel, Secretary Hasler, and Board Member Cartwright. Also present were Lewis May, General Manager, Christa Browning, Controller, Brenda Underwood, Human Resource/Marketing Administrator and there were no members of the public present.

PETITIONS AND COMMUNICATIONS ON NON-ACTION ITEMS

There were no petitions and communications on non-action items.

MESSAGES FROM BOARD MEMBERS

There were no messages from Board Members.

MESSAGES FROM THE MANAGER

Mr. May noted SB 379 was passed through the Senate and needed to get approval in the House if it was to go forward. He said we are fortunate that it is being co-sponsored by Representatives Matt Ubelhor and Matt Pierce on the House side. He said for the bill to get House approval it has to get a hearing by the Ways and Means Committee and that window to get such a hearing is rapidly closing. Vice Chairman McDaniel said tomorrow is their last meeting. Mr. May said he has had an email correspondence with Matt Ubelhor and he noted he personally supports the bill and has tried to talk with Chairman Brown of the Ways and Means Committee but according to Matt Ubelhor, Representative Brown will only proceed with the bill when it has a referendum attached to it. He said it sounds like the biggest hesitancy that Chairman Brown has is the fact the Central Indiana Mass Transit Bills were passed last year and a year later and there has been no progress in implementing. Mr. May said it appears that SB 379 will die but there is a real possibility of resurrecting this bill next year as suggested by Matt Ubelhor.

Mr. May said he has some good news on STP funding. He said we asked the local MPO for STP funds over the next few years to help with the replacement of 40-foot buses. He said we have a total of 15 buses to be replaced over the next 5 years. He said we have 3 on order right now including one that is funded with a discretionary grant last year from INDOT. The other two buses will be funded using our regular 5307 funding and local match. He said many of the exiting buses to be replaced were purchased with discretionary money in past years and it is going to be difficult to replace them unless we get some kind discretionary funding. Our current 5307 formula funding is used primarily for operating assistance and for smaller capital projects. He noted that we requested about \$2.5 million in STP funding from the MPO for bus replacement purposes. He said the MPO staff recommendation to the Policy Committee is \$360,000 in STP funds in 2016 and \$1,440,000 in 2017. The Policy Committee will meet this

Friday to consider the staff recommendation. If approved, Mr. May said that will be enough to purchase an additional 5 buses. He said that will get us a little more than half way (8 buses) to our goal of replacing 15 buses.

Mr. May noted the contract for advertising on buses has been with Crosstown Communications for at least 16 years. He said generally speaking over that 16 year period they have done a reasonable good job. He said the revenue has declined in the last couple of years but the peak was in 2012 which is part of this current contract that we are in. He said he spoke with Steve Pickering President at Crosstown Communications and asked them why the revenue has dropped considerably in the last couple of years. Mr. Pickering's response was that the average of the last 4 years has been \$33,783 which greatly exceeds the annual minimum guarantee of \$20,000. Mr. Pickering also mentioned that during these past 4 years we have seen the introduction of a new competitor in this market from IU Campus Bus which is now selling advertising to the public on their buses. Mr. May recommended that the Board approve the last one year renewal and then late this year we would issue an RFP and make an effort to attract a number of proposals from competitors in the advertising market. He said in past years every time we have gone out we have not had much competitor interest given our small market. Mr. May also suggested placing a greater emphasis on the marketing of full bus wraps as a way to generate more advertising revenue. Board Member Cartwright asked if full bus wraps generally have a contract period. Mr. May said generally that wraps have at least a year contract given there is a significant investment that goes into the cost of the wrap itself is usually around \$4,000 - \$5,000. He said full bus wraps are typically sold for \$10,000 or more for a year. Vice Chairman McDaniel noted IU Campus Bus requires at least a year and they often get two years on full bus wraps. Mr. May said that wraps are fairly durable and can last several years. He said our contract will be over with once this last renewal year is completed and we will then solicit proposals from as many interested advertising firms as possible. Mr. May said the change in our advertising policy in 2009 has limited our bus advertising to only commercial transactions and as such we've lost the non-commercial advertising market. Mr. May noted that Resolution 15-06 is on the agenda for the Board's consideration.

Mr. May brought up the next agenda item which is group health insurance. He said we are partially self-funded for group health insurance and have been for the past few years. He said we fund the first \$30,000 of medical claims on every employee and then we purchase reinsurance through our third party administrator which is SIHO. As such, we have a reinsurance policy on every employee that kicks in if any of the medical cost on an employee exceeds \$30,000 in a year. He said we also use SIHO to administer the claims for us they provide the network of health care providers. SIHO submits the claims to us for payment. He said SIHO also goes out onto the reinsurance market and procures for us the best reinsurance prices. He said originally we were thinking this past year was going to be a difficult year given the way our employee medical claims were tracking. In the past few months, medical claims have eased somewhat compared to previous months. SIHO has marketed our reinsurance and obtained what they think is the most competitive quote for reinsurance through our current reinsurance carrier. He said we have another issue that we are working with this year and that is the Affordable Care Act and having to meet the requirements of the affordability for our employees. He said the Affordable Care Act says the employee contribution to health insurance cannot exceed 9.5 percent of their household income. He said we are not going to know what an employee's household income is going to be because that is not disclosed to us. He said SIHO has recommended that we base affordability on the actual wages of an employee over the look back

period which is some period of 12 months prior to plan renewal. He said the Affordable Care Act also designates what is considered a full-time employee which is defined as one who works and average of 30 hours a week over the look back period. He said what we have done is to look at our lowest paid employees who are averaging at least 30 hours per week, and take their wage times the number of hours they get in a year and figure out whether the employee health insurance contribution exceeds 9.5 percent. He said what that means is we have to either lower the employee contribution for our lowest paid employees for the HSA plan which is the more affordable plan option, or increase employee wages, or increase deductibles/copays/out of pocket expenses and decrease the employee contribution. .

Mr. May noted that we provide employees with two insurance options including a traditional PPO plan option with fixed deductibles and copays or employees can choose a Health Savings Account (HSA) plan which have higher deductibles with the employee fronting most of the cost for prescriptions and office visits until they reach their deductible which is when health insurance kicks in. He said to help them pay for their HSA out of pocket costs, employees have individual health savings accounts that they set-up and Bloomington Transit contributes up to \$50 per month in matching contributions to the employee's health savings account. These monies can be used on a pre-tax basis to fund out of pocket health care costs. He said what we have seen more and more employees over the past few years moving out of the traditional PPO plan and into the Health Savings Account plan. Now, roughly 50 percent of our employees are in the Health Savings Account plan option as opposed to the PPO plan option. He said we have gone through the process working with SIHO to figure out what changes we need to make for this coming plan year starting May 1. He said the changes we are proposing is that we increase the employee contribution to the PPO plan by 6 percent over what they currently pay with no changes to PPO deductibles or out of pocket maximums. We are proposing to lower the HSA employee contribution by about 15 percent to meet the 9.5 percent Affordable Care Act mandate. He said to offset that lowering of the premium we are proposing to increase the deductibles and maximum out of pocket for the HSA plan option. He said the in-network deductible would increase from \$1,250 to \$1,500 with the out-of-network deductible increasing from \$2,500 to \$3,000. The in-network maximum out of pocket is proposed o increase from \$3,000 to \$3,250 and the out-of-network maximum out-of-pocket increasing from \$8,000 to \$8,500. As such, employees in the HSA plan would realize a \$23 per month savings on their contribution or about \$275 per year in savings. Likewise, employees in the HSA plan would see a \$250 increase in the deductible, thus the net gain to the employee is about \$25 per year after factoring the difference between a lower employee contribution and a higher deductible. Mr. said Resolution 15-07 is on he agenda for the Board's consideration that would authorize continued partial self-funding of group health insurance for BPTC employees; the purchase of third party administrative services from SIHO; the purchase of specific reinsurance through SIHO; the continued funding of a medical claims fund to pay self-insured claims costs and all other costs associated with the partial self-funding of group health insurance; and the establishment of employer/employee contributions for the May 1, 2015 to April 30, 2016 plan year.

Mr. May noted BT will receive Downtown Bloomington Inc's award for public sector new building design for our new Downtown Transit Center on April 14, 2015 at 4:30 p.m. at the convention center. Mr. May said he would love to have all the Board Members there to accept the award.

MESSAGES FROM THE CONTROLLER

There were no messages from Controller Browning.

PUBLIC COMMENT – ACTION ITEMS

There were no comments from the public.

NEW BUSINESS – ACTION ITEMS

Under New Business, Board Member Cartwright moved to approve Resolution 15-06; a resolution authorizing the exercise of a one-year option for extension of the contract between the Bloomington Public Transportation Corporation and Crosstown Communications for the provision of exterior and interior bus advertising sales and service. The motion was seconded by Secretary Hasler. Resolution 15-06 was approved unanimously.

Also under New Business, Secretary Hasler moved to approve Resolution 15-07; a resolution authorizing the following: continued partial self-funding of group health insurance for BPTC employees; the purchase of third party administrative services from SIHO; the purchase of specific reinsurance through SIHO; the continued funding of a medical claims fund to pay self-insured claims costs and all other costs associated with the partial self-funding of group health insurance; and the establishment of employer/employee contributions for the May 1, 2015 to April 30, 2016 plan year. The motion was seconded by Vice Chairman McDaniel. Resolution 15-07 was approved unanimously.

OLD BUSINESS

There was no Old Business.

MINUTES

The minutes for March 10, 2015 were presented for approval by Board Member Cartwright and seconded by Secretary Hasler. The minutes were approved by all Board Members with the exception of Vice Chairman McDaniel who abstained.

CLAIMS

The claims for April 7, 2015 were presented for approval by Board Member Cartwright and seconded by Secretary Hasler. The claims were approved unanimously.

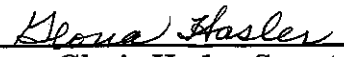
ADJOURNMENT

APPROVE:

ATTEST:



Nancy Obermeyer, Chairman
Board of Directors BPTC 4-21-15



Gloria Hasler, Secretary
Board of Directors BPTC 4-21-15