



Charles D. Baker, Governor  
Karyn E. Polito, Lieutenant Governor  
Stephanie Pollack, MassDOT Secretary & CEO  
Frank DePaola, General Manager  
Brian Shortsleeve, Chief Administrator



## **Fiscal and Management Control Board**

March 7, 2016  
10 Park Plaza  
Conference Rooms 1,2,and 3  
Boston, MA

### ***MEETING MINUTES***

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**Members:** Chairman Joseph Aiello, Director Lisa Calise, Director Brian Lang, Director Steven Poftak, and Director Monica Tibbits-Nutt

**Present:** Chairman Joseph Aiello, Director Lisa Calise, Director Brian Lang, Director Steven Poftak, and Director Monica Tibbits-Nutt

**Quorum Present:** Yes

**Others Present:** Frank DePaola, Brian Shortsleeve, John Englander, Owen Kane, Secretary Pollack, Laurel Paget-Seekins

### **PROCEEDINGS:**

At the call of Chair Aiello, a meeting of the Fiscal and Management Control Board was called to order at 1:05 p.m at the State Transportation Building, 10 Park Plaza, Conference Rooms 1, 2 and 3, Boston, Massachusetts.

Chair Aiello opened up the public comment period.

Chris Taylor, UBER, spoke about late night service transition.

The following members of the public spoke in opposition to a proposed fare increase: Tyree Ware, ACE/TRU; Phineas Baxandall, MA Budget & Policy Center; Rebecca Gorlin; Tilly Ruth Texiera, South End; Anne Steward, MSAC; Louise Baxter; Samantha Wolfe, restaurant worker; Rebekah Gewirtz, MPHA; Marianne Nelson, Boston; and Darlene Lombos, Community Labor United.

Next, Stephen Kaiser, spoke on the need for better service.

Next Richard Prone, MBTA Advisory Board, spoke regarding the need for improved rail service on Kingston-Plymouth line.

Next Grace Johnson, TRU, discussed about the condition of the seats on buses.

Next, Brother Low, Black Econ. Justice Inst., spoke in opposition to fare increase and the need for better service.

Next, Josh Ostroff, Transportation for MA spoke in support of fare increase at 5% cap every two years

Next, Eunice Wright, Mass. Senior Action Council commented on bus scheduling.

**PROCEDURAL:**

Next was the approval of the January 25, 2016 minutes.

On motion duly made and seconded, it was:

**VOTED: to approve the minutes of January 25, 2016.**

Next, Chair Aiello asked General Manager Frank DePaola to give his report, Agenda Item C. Mr. DePaola updated the Board on performance. The transit side was at or near performance targets, both peak and off peak. Commuter rail overall on-time performance exceeded 90% each day, and 94% of scheduled trains arrived within nine minutes of scheduled arrival time. Mr. DePaola indicated that the MBTA will be submitting a new design-build procedures document to the Inspector General's office as required by statute.

Next, Mr. DePaola asked that General Counsel John Englander speak on correspondence received from the Federal Transit Administration (FTA) relative to termination of Late Night Service.

Mr. Englander reminded the Board that on February 29, 2016, the Board had indicated in its vote that it did not believe that an equity analysis was required as the Late Night Service was a pilot service and also because it was not a major service as indicated in the fare policy.

The FTA sent a letter to the MBTA stating that the FTA believed that an equity analysis was required.

Mr. Englander continued stating that while he respectfully disagrees with the FTA's position, MBTA staff is moving forward with completing an equity analysis as expeditiously as possible, and will take the next necessary steps as required under the policy.

Mr. Englander stated that the FTA letter does not call into question the termination of late service, rather that an equity analysis must be done and that appropriate steps must be taken depending upon the results of that analysis.

Mr. Englander further stated that the MBTA was well aware of the equity analysis issue in advance of the vote and in fact reached out to the FTA in advance of the vote both by letter, in person and by phone. The MBTA is receiving guidance from the FTA as the regulatory environment around an equity analysis is far from clear.

Director Calise inquired as to when the analysis would be completed and Mr. Englander responded it would be available before the next Board meeting.

Chair Aiello questioned whether staff could come back to the Board in the next 30 days with what role the MBTA could play in fostering initiatives with the likes of UBER and Bridge.

Next, Director Poftak referred back to the General Manager's presentation asking if Mr. DePaola could provide an update on Commuter Rail provision of equipment. Mr. DePaola explained that the MBTA is working with Keolis to hire additional staff to do maintenance of vehicles on weekends. Maintenance of vehicles is typically a Monday – Friday operation.

Next, Chair Aiello asked for an update on new bus orders and delivery schedule. Mr. DePaola indicated there were a total of 325 new buses, 175 CNG and 150 diesel hybrids expected to start arriving in 2018, they will be one-for-one replacement for older buses in the fleet.

Next, Chief Administrator Brian Shortsleeve began his report, Agenda Item D. Mr. Shortsleeve began discussing the FY17 hedging strategy for diesel fuel as set forth in the attached presentation entitled “Historical Hedge Process”.

Next, Brian Kane began his presentation, Agenda Item E, as forth in the attached presentation entitled “Fiscal and Management Control Board: Public Meeting Agenda Items”.

Next, Chair Aiello commented that the next item, Agenda Item F, Fare Policy Proposal, is going to be a discussion and action on the MBTA fare proposal, action to accept the fare equity analysis report and to set applicable comparison rates. Mr. Aiello thanked everybody who attended the meetings and the public hearing and that the FMCB members very much appreciated the comments received.

Next Chief Administrator Brian Shortsleeve began Agenda Item F, his presentation on the MBTA Fare Proposal, as set forth in the attached presentation entitled “FY2017 Proposed Fare Changes”. Mr. Shortsleeve outlined the need of the proposed fare increase while responding to issues and concerns raised by stakeholders. MBTA staff created a new proposal that lowers impact on low-income riders, reduces revenue in Option 2 by \$3.1 million and still achieves key revenue goals of \$20 million toward structural deficit and providing immediate flexible funds for capital and operating improvements. Mr. Shortsleeve specifically addressed concerns and offered proposed modifications

to Option 2 as it relates to equity issues, cost of The Ride and the impact on students.

Mr. Shortsleeve outlined the proposed modification to the student pass program that would drop the price from \$32 to \$30 plus an additional bulk discount of \$1 for schools that purchase more than 1,000 passes per month. Mr. Shortsleeve asked Laurel Paget-Seekins to sit at the Board table to answer questions and provide clarification on the overall proposed student pass program.

Director Lang inquired about the number of student passes purchased by the City of Boston per month for students who live two miles or more from their school and she responded that the number ranged from 20-25 thousand. Secretary Pollack then explained that the Authority sells student passes to any school district that wants to buy them, but the distribution policy is the responsibility of the school. Furthermore, she explained that schools can also distribute Charlie Cards with no value that can be used to purchase half-fares from the fare vending machine. These are for students who live less than two miles from their school and was proposed to address concerns raised by Boston Public Schools and also to encourage other schools to purchase in bulk, resulting in a substantial savings for students who currently pay for each trip individually.

Director Lang and Director Poftak then asked additional questions about the time validity of the pass and how the determination is made on school participation. Ms. Paget-Seekins responded that participation in the pass

program is determined by the distance a student lives from their school. After additional requests for clarification from Director Poftak, Ms. Paget-Seekins explained the difference between the student pass program and the student CharlieCard program. Secretary Pollack further explained that the pass program provides a pass, while the CharlieCard program only provides a student CharlieCard with no value on it, but validity that enables the student to purchase half fares from the fare vending machines. Ms. Paget-Seekins then stated that the proposal is meant to alleviate one of the key barriers to school participation in the student pass program - the amount of cash handling that the school has to collect for payment for the passes and the subsequent payment to the MBTA. The proposed program would only hold schools responsible for verifying eligibility, so there would be no cash involved.

Next, Mr. Shortsleeve then outlined the proposal: expand the student pass to 12 months and make them available on vending machines. This would be a one-year pilot. He continued on to say that the Authority worked very closely with the schools on the development of the eligibility verification process by putting controls in place to reduce fraud and/or misuse of the cards.

Director Lang then asked for clarification on what the current program is versus the proposed program and Mr. Shortsleeve responded that he was correct in his understanding. Secretary Pollack then compared the new program to the youth pass that people have been asking for. Director Calise asked if this program would eliminate the need for the youth pass. Ms. Paget-Seekins

responded that the gap in the proposal is that it does not make provision for students who are not in school.

Secretary Pollack stated that the Authority is in the middle of the youth pass pilot and initial findings indicate high usage, however, one of the difficulties is estimating the revenue loss associated with expanding the program. The MBTA is assuming approximately \$2M in lost revenue for the student pass pilot, but won't know for sure until the pilot has ended.

Ms. Paget-Seekins responded to Director Aiello that the pilot could start in September and would run through the following summer. Director Calise asked if there was any way to cover June through September with the distribution occurring before the end of the school year. Secretary Pollack brought up the issue of the timing of distribution. Mr. Shortsleeve brought up the issue of the school's ability to distribute the cards, and Ms. Paget Seekins brought up the issue of making sure that the cards were made properly. Ms. Paget-Seekins said she would speak with the technical team and student program staff about it, but that the earliest that purchases could be made on the fare vending machines would be July 1st. Director Aiello asked if the pilot could run for 18 months instead of 12 months. Ms. Paget-Seekins responded yes because there is no equity analysis required for the pilot because it's not a new fare product and there's no change to eligibility, only distribution. Chair Aiello then requested that the pilot start July 1 for 18 months, which would coincide with the budget cycle, and Ms. Paget-Seekins responded yes.

Secretary Pollack then explained the risk associated with the pilot regarding the distribution of the cards because they are not tied to an individual. This means anyone could acquire one. Increasing the pilot term before ascertaining if the controls set for distribution are sufficient could result in abuse and the Authority needs to be able to check in after the first year to see how things went. Director Poftak then stated that the same problem exists with the current student CharlieCards. Chair Aiello applauded the initiative and suggested that staff take time to think about how long the pilot should run to provide sufficient data as well as time to react to that data. Ms. Paget-Seekins suggested checking data throughout the pilot. Chair Aiello indicated it should be at least 14 months to get two summers in. Secretary Pollack summarized that the Board is asking that the pilot run from July 1, 2016 through August 31, 2017. Ms. Paget-Seekins reiterated that she needed to speak with technical task team first. Chair Aiello and Director Lang agreed that the pilot should be more than 12 months. Ms. Paget-Seekins asked Will Kingcade to come to the podium to address the Board regarding how soon the pilot can start and how long it should be. He explained the strict schedule in place for ordering CharlieCards and offered to speak to the factory managers to see if the schedule could be revised to accommodate an earlier start date. He could not commit, but would find out by the following day. Secretary Pollack elaborated on the current manufacturing schedule.

Mr. Shortsleeve then continued with the slide presentation and outlined different student scenarios with the new program. Further discussion by

Directors Poftak, Calise, Lang, Chair Aiello and Mr. Shortsleeve touched on evaluating the program after the pilot to make it effective rather than cancelling it, improving fare collection, preventing fare evasion, enforcement against fare evaders, and collecting the data to establish estimates of revenue loss. Chair Aiello then discussed the next generation of fare collection and the University Pass Program initiative. Director Calise asked that the Board be briefed in 45 days. Chair Aiello agreed.

Mr. Shortsleeve continued his presentation noting other areas of concern was the fairness of the commuter rail zones and the limited access to retail sales locations or vending machines requiring surcharges on on-board purchasing.

Director Calise commented that the MBTA has to ensure the riders that the money raised through fares will go toward fixing and improving services.

On a motion, duly made and seconded:

The MBTA is to establish a lockbox mechanism to ensure that any money raised from fare increases and anything else that's dedicated to pay-go capital in FY17, would remain in that fund, separately tracked for those purposes, and would require a two-thirds vote of the Fiscal and Management Control Board in order to change the use of those funds in any way, and any spending of that money would require board approval.

Mr. Shortsleeve continued on with his presentation comparing the options. Secretary Pollack pointed out that an equity analysis had been done on both

options prior to the current modifications and that an equity analysis was then made with the modified options.

Next, a member of the audience announced a people's takeover was taking place and that they (the protestors) will not allow the Board to hike fares or cut service on the backs of low-income riders, youth, seniors and people with disabilities. Other unidentified members of the audience spoke out and disrupted the meeting.

Next, Chair Aiello announced at 3:00 p.m. that the Board would be taking a recess. The Board came back into session at 3:15 p.m.

The chanting and disruption of some of the audience members continued. Discussion and conversation among the Directors were at most times inaudible.

Director Lang asked that staff report back in 30 days on means-testing , and proposed a motion to incorporate some amendments in the suggested fare increase scenarios, and asked that Board to agree that there will no additional fare increases until January, 2019.

On motion duly made and seconded, it was

**VOTED:**

That the Fiscal and Management Control Board ("Board") hereby approves the Massachusetts Bay Transportation Authority ("MBTA") fare changes, which fare changes shall result in an overall system-wide fare

increase of approximately 9.3% in Fiscal Year 2017, effective July 1, 2016, provided that, the fare levels shall be set at those levels set forth in Option 2, as presented to the Board, with the following modifications in fare levels to reduce or eliminate impacts of the fare changes:

1. The bus Charlie Ticket/cash fare shall be reduced from the current fare of \$2.10 to \$2.00 and the Bus CharlieCard fare shall be \$1.70 per ride;
2. The Bus Pass shall be \$55.00 per month;
3. The Student Pass shall be \$30.00 per month;
4. The Senior Pass shall be \$30.00 per month;
5. The Outer Express Bus Pass and Fares shall remain at current level;
6. Paratransit fares on THE RIDE service shall be \$3.15 for base ADA trips and \$5.25 for premium trips.

**FURTHER VOTED:**

That the increase in fare revenue generated by the fare changes effective July 1, 2016 (the "Lockbox Capital Maintenance Fund"), for FY17 shall be strictly allocated to fund investment in pay-as-you-go capital improvements that will deliver near term performance and reliability improvements to the riding public. The Lockbox Capital Maintenance Fund shall be under the control of the FMCB and an affirmative vote of at least two-thirds vote of the Board shall be required to utilize the Lockbox Capital Maintenance Fund for any purpose other than such capital improvements.

That the increase in fare revenue generated by the fare change for FY17 shall be calculated as the difference between FY17 budgeted fare revenues (all modes) determined by CTPS less FY16 recast budgeted fare revenues (all modes) and that future funding shall be subject to the annual budget process and Board approval.

**FURTHER VOTED:**

That Authority staff shall:

1. Within thirty days, present a plan for a means testing program for low income riders.
2. Within 45 days, present a plan to the Board for improving fare collection and enforcement and for the collection of data to establish estimates of revenue lost due to non-collection of fares;
3. Review all commuter rail zones and make recommendations to the Board;
4. Take steps to ensure that passengers lacking access to retail sales locations, including those boarding at Fairmount line stations, are not improperly charged on-board surcharge;
5. Complete a Title VI equity analysis to evaluate the effects of the modifications to Option 2, amend the Title VI equity analysis for the FY 17 fare changes and to report back to the Board for acceptance of the analysis;
6. Take necessary steps to amend the Authority's transfer policy to allow free transfers from bus to rail to bus with the CharlieCard Rapid Transfer Fare effective July 1, 2016
7. Take necessary steps to implement student pass vending machine pilot and extend the pass to 12 months, effective July 1, 2016.
8. Take necessary steps to offer a bulk rate discount of \$1.00 per pass for schools purchasing 1000 passes or more.
9. Reflect in the minutes the Board's desire to schedule the next fare increase effective January 1, 2019.

On motion duly made and seconded,

By roll call:

Director Aiello	yes
Director Calise	yes
Director Lang	yes

Director Poftak                      yes

Director Tibbits-Nutt              yes

**VOTED:** To adjourn and enter into Executive Session at 3:35 p.m. to discuss strategy related to pending litigation and collective bargaining and non-union personnel.

DOCUMENT RELIED ON IN THE MEETING:

Minutes of January 25, 2016  
Historical Hedge Process Presentation  
FMCB Public Meeting Agenda Items  
FY2017 Proposed Fare Changes

