



RHODE ISLAND PUBLIC TRANSIT AUTHORITY

Rhode Island Public Transit Authority
705 Elmwood Avenue
Providence Rhode Island 02907-0816

FY 2014 ANNUAL REPORT



The Honorable Lincoln Chafee
The Honorable Members of the RI General Assembly
RI State House
Providence, RI 02903

Dear Sirs and Madams:

On behalf of the Rhode Island Public Transit Authority (RIPTA), I am pleased to provide you with a copy of RIPTA's *Annual Report for FY 2014*, covering the period July 1, 2013 to June 30, 2014. This report has been posted on the RI General Assembly website, meeting the requirements of RIGL § 39-18-18 and § 42-20-8.2.

This year, we provided our 48th consecutive year of statewide service, carrying more than 20 million passengers on our buses, trolleys, and paratransit services. Noteworthy activities from FY 2014 include:

- Completion of a Comprehensive Operational Analysis of our transit system to identify where people live and work, how each bus route is performing today, and where changes can be made to better serve riders.
- Implementation of the Rapid Transit Line (the R-Line) to replace congested local service on Route 11 -- Broad St and Route 99 -- North Main St., which are the two highest ridership routes in Rhode Island with more than 10,500 passenger trips per day.
- Working with the City of Providence and other partners to improve the transit experience at Kennedy Plaza, and to make the Plaza a greater civic space.
- Institution of a Bus Stop Realignment Program to adjust bus stop distances to meet our recently adopted Service Guidelines.
- Providing service to the South Attleboro commuter rail station
 - Working to ensure the safety and security of RIPTA passengers and facilities through security upgrades in RIPTA vehicles and facilities.

RIPTA is aware of the challenges we face in FY 2015, and is committed to improving the availability and delivery of transportation services throughout Rhode Island.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Raymond B. Studley", is written over a horizontal line.

Raymond B. Studley
Chief Executive Officer

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RHODE ISLAND PUBLIC TRANSIT AUTHORITY MISSION STATEMENT

To provide safe, reliable and cost-effective transit service with a skilled team of professionals responsive to our customers, the environment and committed to transit excellence.

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RIPTA AT A GLANCE

The Rhode Island Public Transit Authority (RIPTA) is a quasi-public, independent authority. Established in 1966, RIPTA is authorized to operate public transit services throughout the State of Rhode Island.

- RIPTA has provided 48 years of public transit service in Rhode Island
- Governed by an eight-member appointed Board of Directors
- Serves 38 of 39 Rhode Island communities
- Operates 7 days a week
- Operates nearly 3,000 daily trips on 54 fixed bus throughout the state
- Operates ADA Paratransit Service throughout the state
- Operates 7 Flex service zones serving 10 Rhode Island communities
- Provides Park n' Ride Service at 28 sites around the State of Rhode Island
- Operates approximately 9.8 million fixed-route vehicle miles annually
- Maintains a fleet of 240 fixed-route buses, 135 paratransit vans and 21 Flex vans
- Employs nearly 800 employees
- Offers free transit service on Air Quality Alert Days
- Operates and maintains two facilities in Providence and one in Newport

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BOARD OF DIRECTORS

RIPTA is governed by an eight (8) member Board of Directors; seven (7) members are appointed by the Governor, with the Director of the RI Department of Transportation serving *ex officio* capacity.

Board Members

The Honorable Scott Avedisian, Chairperson
Jerome Williams, Vice Chairperson
Stephen Durkee, Secretary
Director Michael Lewis, Treasurer
Margaret Holland McDuff
Maureen Martin
Peter T. Ginaitt
Mark Susa

The Board is responsible for establishing RIPTA policy, providing strategic direction, exercising fiscal oversight, and management oversight. CEO, Raymond B. Studley manages RIPTA's day-to-day operations. There are also Board sub-committees for Finance, Strategic Planning, and Policy and Procedures. There is a Joint Pension Board comprised of Board Members and Union representatives.

FY 2014 Board Meetings

July 15, 2013	January 27, 2014
August 19, 2013	February 24, 2014
September 23, 2013	March 17, 2014
October 21, 2013	April 21, 2014
November 25, 2013	May 19, 2014 (Cancelled)
December 16, 2013	June 23, 2014

All Board meetings were held at RIPTA's Elmwood Division in the Transportation Conference Room, located at 265 Melrose Street in Providence, Rhode Island. Meeting agendas and minutes can be found on the RI Secretary of State's public information site: <http://www.state.ri.us>. These minutes contain all matters considered and decisions rendered by the Board.

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SIGNIFICANT FY 2014 ACCOMPLISHMENTS

Stabilizing RIPTA

In August 2012, RIPTA's finances and operations were in dire straits. As a result, Governor Chafee, working with Board Chairman, Mayor Scott Avedisian, assigned a Resource Team to RIPTA in an effort to perform triage to an unstable agency. This team was headed by Lieutenant Colonel Raymond Studley of the State Police, and included other senior state employees. When the Resource Team arrived, it was estimated that RIPTA would run out of cash by the end of December 2012. In addition, RIPTA faced projected operating deficits of nearly \$7.8 million for FY 2013, and \$9.25 million for FY 2014. As a result of internal financial controls, including electronic requisition for expenses as well as other budget checks and approvals, RIPTA's cash flow was stabilized by the end of FY 2013, and RIPTA achieved an operating budget surplus of \$1.8 million in FY 2013, and a surplus of \$340,000 in FY 2014.

Comprehensive Operational Analysis (COA)

RIPTA has conducted an in-depth review of all our transit services as part of a Comprehensive Operational Analysis (COA). The study has performed a detailed evaluation of our system to identify where people live and work, how each bus route is performing today, and where changes might possibly be made to better serve riders.

As a result of the COA, proposed changes have been identified for each route. These changes are designed to work within RIPTA's existing budget and to direct transit resources where they will be most effective. They include proposed new routes and express services, scheduling improvements to better coordinate routes operating in the same corridor, modified route alignments, frequency changes to better match service with demand, and the discontinuation of certain routes and route segments.

R-Line – Rapid Bus Route

The R-Line is RIPTA's first Rapid Bus Route. It was launched into service in June 2014. Using a mix of branding, operational improvements, and traffic improvements, RIPTA's R-Line replaces congested local service on Route 11 -- Broad St and Route 99 -- North Main St., which are the two highest ridership routes in Rhode Island with more than 10,500 passenger trips per day.

Elements of the R-Line include:

- Line and bus stop branding;
- High-frequency, fast, limited stop service at key passenger destinations;
- Traffic signal improvements for improved travel times and schedule reliability;
- Improved passenger amenities, including real-time bus information, to create a safer, more comfortable experience for passengers while waiting for RIPTA's R-Line; and

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- Roadway improvements where appropriate, including clearly designated bus stop lanes and Intersection improvements to increase safety and minimize conflicts.

The benefits of the R-Line have been reported by the Providence Journal.
<http://www.providencejournal.com/breaking-news/content/20140627-ripta-launches-rapid-route-bus-service-aided-by-computer-technology.ece>

Kennedy Plaza

RIPTA has been working extensively with the City of Providence and other partners to improve both the transit experience at Kennedy Plaza and to make the Plaza and the adjoining Burnside Park a greater civic place. Progress is currently underway with the City leading efforts to complete these major changes by the end of 2015 year. RIPTA is hopeful these changes will allow us to provide great service in a comfortable environment in a manner that allows the surrounding area to reach its full potential. Improvements recommended as part of RIPTA's Comprehensive Operations Analysis (COA) will allow us to reduce the overall number of bus berths needed in the Plaza by improving scheduling efficiencies. Full implementation of COA improvements is anticipated to attract new riders and increase the number of passengers using public transit, making these overall efforts to improve the Greater Kennedy Plaza even timelier as we aim to increase ridership.

RIPTA's role in the reconfiguration of Kennedy Plaza includes efforts to upgrade passenger amenities and ensure effective and safe pedestrian access and circulation. RIPTA worked with a consultant to identify the location and design of necessary and desired passenger amenities, including new shelters and signage, and to make sure that all transit elements fit together as part of a cohesive package. Development of the design of passenger amenities included consideration of shelters, seating and lighting. The new Plaza design will also include real time information at all bus stops and the introduction of several Ticket Vending Machines in the Plaza to reduce bus boarding times by providing more opportunities to pre-pay your fare.

Transforming the Plaza comes at a time when transit is growing. RIPTA is excited to see investment in a space that is so important to our system making Kennedy Plaza a safe, attractive, welcoming place is a good thing for RIPTA, and will help us both retain and attract new riders.

Bus Stop Realignment Program

In an effort to preserve the level of service that our riders are accustomed to, RIPTA is working on plans to adjust bus stop distances to meet our recently adopted Service Guidelines. The guidelines reflect the industry standard of approximately 900 feet (about a two to three minute walk) between stops. The distance slightly increases or decreases dependent upon the route type and community density. In most cases we will be removing bus stops to meet our standards. These changes are designed to minimize impact on the riders while increasing efficiencies.

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The distance between stops is of key concern to RIPTA. More closely spaced stops provide customers with more convenient access as they are likely to experience a shorter walk to the nearest bus stop. However, transit stops are also the major reason that transit service is slower than automobile trips, since each additional stop with activity requires the bus to decelerate, come a complete stop, load and unload riders, and then accelerate and merge back into traffic. Since most riders want service that balances convenience and speed, the number and location of stops is a key component of determining that balance.

Safety and Security

RIPTA significantly upgraded its security operations in FY 2014. These upgrades include the installation of cameras in RIPTA facilities and vehicles, which enables RIPTA to protect the safety of its employees and customers. RIPTA also added an Access Control System for its facilities to provide security for RIPTA employees and RIPTA property.

Regarding safety, RIPTA formed an Incident Review Board comprised of representatives of management and labor. The Committee reviews all passenger incidents, auto collisions, and employee injuries. At the meeting, root cause analysis is discussed and a decision is made as to re-training, disciplinary action warranted or not, subrogation of claims, etc. The goal is to close the loop on every incident until it is fully resolved and to work on solutions for prevention, if applicable.

RIPTA has also worked with the City of Providence and other stakeholders to improve security and safety at Kennedy Plaza.

NuRide

In April of 2014, RIPTA announced that our Commuter Resource RI (CRRRI) Program had partnered with NuRide, the nation's largest commuter rewards program.

NuRide was developed to encourage people to choose healthier and greener transportation options. NuRide is a free service and is supported by sponsors who provide special offers to NuRide members for taking greener trips and reducing global warming, traffic congestion and energy consumption. From riding RIPTA or taking the train, to walking, carpooling, vanpooling, biking, and even telecommuting, this program offers individuals the opportunity to receive points that can be accumulated and then redeemed for retail discounts, restaurant coupons, and tickets to shows and attractions.

Beat Traffic Try Transit Program

"Beat Traffic Try Transit" is a collaborative effort of the RI Department of Transportation (RIDOT) and RIPTA.

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The campaign, launched in July 2013, was designed to ease traffic congestion on the Interstate through Providence during peak travel times. Commuters were able to take advantage of discounted bus fares from select Park n' Ride lots across the state as well as free parking at select commuter rail stations.

South Attleboro Interstate Commuter Program

Working along with RIDOT, the Massachusetts Department of Transportation (MASSDOT), and the Federal Motor Vehicle Safety Administration, RIPTA began providing service to the South Attleboro commuter rail station, which is an important commuter stop for Rhode Islanders. We will continue to work with RIDOT and MASSDOT to improve bus-rail platform integration.

Automated Transit Management System

RIPTA continues its work with Xerox Transit Solutions to implement an Automated Transit Management System (ATMS). This system will add computer-aided dispatch capabilities, which will allow RIPTA to see real-time location and statuses of busses in service. It will also provide real-time information to customers, and more data regarding bus service and operations.

“One Solution” Software

RIPTA has retained a firm to implement comprehensive internal software solution for RIPTA administration and maintenance. This system will provide better access to operational data and reporting for departments. We anticipate that this system will be fully operational by the fourth quarter of FY 2015.

The Ride Program

The Ride Program is Rhode Island's statewide, coordinated paratransit service coordinating specialized transportation services for seniors, individuals with disabilities, low-income citizens, and Ride also serves clients of the Rhode Island Departments of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The agencies determine eligibility of passengers for participation in the transportation programs. In FY 2014, RIPTA adopted a new, comprehensive software system to provide more timely and efficient service in the Ride Program.

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ONGOING RIPTA PROGRAMS

Commuter Resource RI (CRRI)

Commuter Resource RI (CRRI) is a rideshare program, entirely funded through RIDOT and the FHA, designed to reduce single occupancy vehicles on Rhode Island roadways. CRRI focuses its attention on the following elements:

- EcoPass – An ongoing employer based annual unlimited ride electronic smart card program initiated in September 2009 with Blue Cross Blue Shield of Rhode Island, and expanded to ten (10) corporate partners in FY 2010.
- Outreach to all downtown businesses and major employers, including the State of RI, to encourage alternative transportation options for their employees' daily commute.
- As part of a Transportation Demand Management (TDM) program, CRRI provides ongoing support and maintenance for schools from elementary to college level through programs such as U-PASS transit and School Pool, a carpool matching program. Currently, there are 21 participating schools in School Pool and 11 U-PASS schools with well over 100,000 bus rides utilized per month.
- The HOV program (High Occupancy Vehicle Program) is a carpooling program at the Providence Place Mall that offers reduced rate indoor parking for those that form carpools. CRRI registered over 200 carpools for FY 2014. Carpool participants are closely monitored to maintain the integrity of the program.
- Guaranteed Ride Home-Carpool incentive program providing two (2) free taxicab rides home per year per individual for registered carpools and Eco Pass participants in the event of an emergency.

Commuter Resource RI is continually evolving to fit the needs of Rhode Island commuters and employers.

University Pass Program (UPASS)

Funded by participating colleges and universities, the University Pass Program (UPASS) allows students at participating schools to get free or reduced fare transit. In FY 2014, over 1.2 million trips were taken by students and faculty eligible for this program. A total of ten educational institutions participate:

- Johnson & Wales University
- Sanford Brown
- Providence College
- Salve Regina University
- Rhode Island School of Design
- University of Rhode Island

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- Brown University
- Roger Williams University
- Bryant University
- Lincoln Tech

Vehicle & Facilities Maintenance

RIPTA conducts a comprehensive, ongoing program for vehicle and facilities maintenance in order to ensure the safety of both RIPTA passengers and employees and to extend the useful life of all fixed assets.

RIPTA also performs maintenance, repair services and state inspections on RI Department of Transportation (RIDOT) vehicles and equipment. RIDOT is responsible for covering the full salary and benefit costs of the RIPTA employees assigned to this program and for reimbursing RIPTA for parts and fluids used on RIDOT vehicles. RIPTA has increased the productivity of this program, and is now maintaining approximately 70 vehicles using the same number of maintenance personnel.

Service & Scheduling Modifications

RIPTA planners are continuously working to evaluate and enhance existing services, modifying RIPTA services to meet passenger needs, to provide access to major employment centers, to address community concerns and to improve operational efficiency. Schedule and route enhancements are implemented three times a year.

Training

RIPTA continues to administer a number of training programs. The first trains and retrains flexible services van and fixed route bus operators on vehicle operation and safety. The second provides training to maintenance personnel on vehicle maintenance. The third trains the required personnel to meet Federal and State safety and other mandated requirements. RIPTA also provides ad hoc training to its employees as the need arises.

Employee Drug & Alcohol Testing

In accordance with FTA program regulations, (49 CFR Part 655), safety sensitive employees must be randomly tested for the use of controlled substances. RIPTA uses an outside vendor to perform these tests.

RI Emergency Management Agency (RIEMA)/Statewide Emergency Planning

RIPTA continues to work with RIEMA to coordinate statewide emergency response procedures and to conduct drills to practice these procedures.

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Insurance Coverage & Risk Management

RIPTA is self-insured for vehicle liability and workers' compensation, and holds third party insurance for its premises, and for Director and Officer liability as well as for employment claims.

Marketing & Advertising

RIPTA performs ongoing marketing and communications in order to inform customers of special programs, route changes and other pertinent information. RIPTA also supports the annual operating budget through the placement of advertisements on or within RIPTA vehicles and facilities.

Advertising Revenue through Bus Wrapping Program

The use of bus wrapping technology to cover RIPTA buses in graphic advertisements was expanded in FY 2010. Total sales under this program were \$8,000.

RIPTA Pension Management

RIPTA maintains its own pension program for all employees. This program is overseen by RIPTA's Joint Pension Board, a subcommittee of the Board of Directors which is made up of management and labor representatives. The Joint Pension Board is supported by an outside technical pension advisor. Additionally, RIPTA contracts with an actuarial firm to conduct our annual pension valuation.

Air Quality Alert Days

In coordination with the RI Department of Environmental Management (DEM) and the RI Department of Transportation (DOT), RIPTA sponsors the annual Air Quality Alert Program. Free RIPTA service is offered on Air Quality Alert Days when ozone levels are likely to be unhealthy and unsafe. An estimated 140,000 passengers took advantage of this program on Air Quality Alert Days in FY 2014.

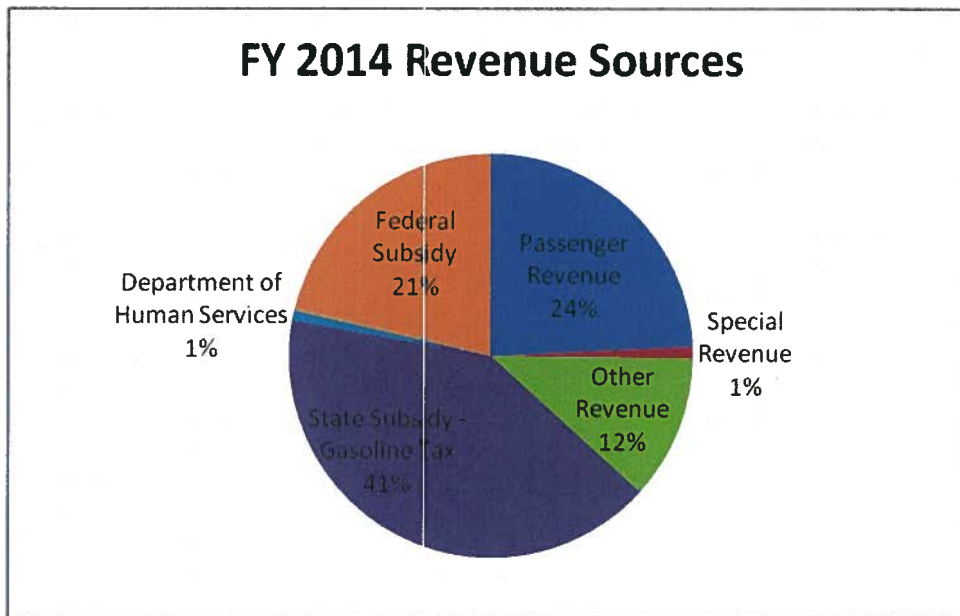
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CONSOLIDATED FINANCIAL STATEMENT

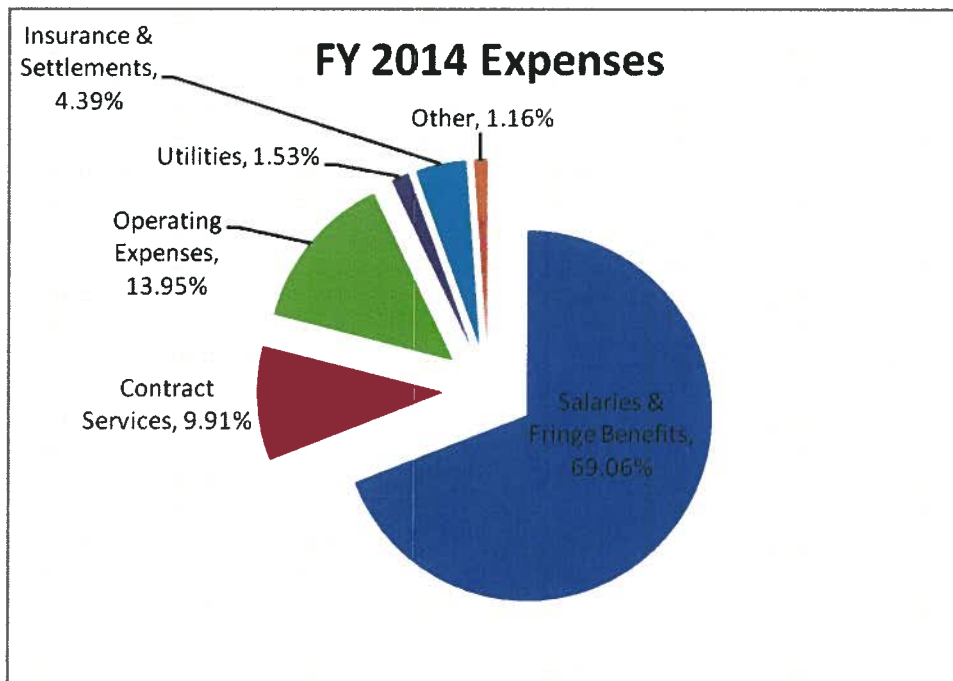
Each year, RIPTA's financial statements are audited by an Independent Auditor in accordance with standards issued by the Comptroller General of the United States. The Independent Auditor has found that RIPTA's basic financial statements for FY 2014 fairly present the financial position of the Authority as of June 30, 2014. A full copy of RIPTA's Independent Audit Report may be found at <http://www.ripta.com/financial-statements>.

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RIPTA's 2014 Revenues Sources:



RIPTA's FY 2014 Expenses



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Employees Funded

In FY 2014 RIPTA had the following employees:

	<u>Budget</u>	<u>Actual</u>
Bus/Van Operators	537	504
Maintenance Personnel	121	110
Operation Supervisors	47	42
Miscellaneous Operations	26	25
Clerical/Administrative	64	54
Management	31	28
Total Employees	826	763

Summary of Technical and Administrative Support Received

RIPTA received the following technical support from outside vendors in FY 2014

<u>Vehicle & Facilities Maintenance:</u> Outside Technical Support for miscellaneous engineering and technical support	\$43,742.00
<u>Employee Drug & Alcohol Program:</u> Outside Technical Support	\$40,065
<u>Ongoing Insurance Coverage and Risk Management:</u> Outside Technical Support	\$34,453
<u>Marketing & Advertising:</u> Outside Support for Transit Advertising	\$431,498
<u>Advertising Revenue through Bus Wrapping Program:</u> Total sales under this program	\$2,601
<u>RIPTA Pension Management:</u> Outside Technical Support for Pension/Actuarial Matters	\$36,345

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LEGAL MATTERS

RIPTA's legal matters are overseen by RIPTA's Chief Legal Counsel. RIPTA retains outside counsel for specialized areas such as personal injury and workers' compensation claims, and for other areas as the need may arise. The Board of Directors also retains independent corporate counsel.

There are currently approximately 730 open personal injury and property damage claims against RIPTA. Approximately 150 of these are in active litigation. In 2014, RIPTA paid approximately \$670,000 to settle 127 claims. There are approximately 12 pending workers' compensation claims. RIPTA paid approximately \$625,000 in workers' compensation benefits in FY 2014.

LABOR RELATIONS

RIPTA union employees are represented by by Amalgamated Transit Union 618 and 618A, and Local Union 808. In FY 2014, RIPTA entered into collective bargaining agreements with these bargaining units. Most notably, the agreements raised wages by 2.5%, and required additional health insurance co-payments by employees.

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MAJOR ACTIVITIES ANTICIPATED FOR FY 2015

Intermodal Transportation Hub

RIPTA and The Rhode Island Department of Transportation (“RIDOT”) have developed a plan to re-imagine public transportation in Rhode Island, moving away from the current single “hub” model and creating a more robust system with direct, rapid connections to employment, educational, and social centers—as well as improved connections with rail and air. This new 21st century system would transform how transit moves through the capital city and connects with the furthest reaches of the state; it would include two new mass transit centers at the Providence Train Station and the emerging LINK district, enhanced commuter rail service, rapid bus lines; improved service frequency on popular corridors; added express options; park and ride locations throughout the state; and enhanced passenger amenities.

This new vision for travel in Rhode Island would benefit not only the system’s current users but also attract a new generation of users who value transportation choice and convenience. Ultimately, reliable transportation and livable, walkable communities are needs that all Rhode Islanders can relate to because our families, our industries, and our economy depend on them.

On November 4, 2014, voters approved Ballot Question 6 for the issuance of \$35 million of Mass Transit Hub Infrastructure Bonds to fund enhancements and renovations to mass transit hub infrastructure throughout the State to improve access to multiple intermodal sites, key transportation, healthcare, and other locations. Such efforts will focus on transforming transit in downtown Providence and providing improved transit access to Providence from all parts of Rhode Island, and will consist of:

- New transit centers at Providence Station and Garrahy Courthouse (or “Courthouse Station”);
- Reconfiguration of bus service within downtown to extend service beyond Kennedy Plaza to one or both of the new transit centers, resulting in more direct bus service to more locations;
- Designation of Transit Emphasis Corridors to provide faster service to and from downtown and additional convenient, attractive locations to access RIPTA services; and
- Development of “superstops” along the Transit Emphasis Corridors and at other key locations to improve comfort and convenience for passengers.

Implementation of these improvements will provide better or equal service to all current riders, attract a large number of new transit riders, address operating issues at Kennedy Plaza, support economic development, improve connections between bus and rail services, and improve connections between rail services and downtown. RIPTA will

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continue to work with RIDOT and all other stakeholders to move the inter-modal program forward.

Newport Gateway

In partnership with the City of Newport, RIPTA is making repairs to the Newport Gateway, an intermodal passenger facility and tourist center that suffered damage during hurricane Sandy in October 2012. The project includes (1) replacing current outdoor passenger protection with pavilions that will withstand hurricane force winds; and (2) reducing impervious surface area at the facility in order to reduce surface runoff and flooding. RIPTA's and the City's goal is to have a facility that is inviting to customers, is cost-effective, has a long useful life and requires minimal maintenance. The design process will be informed by a Design Review Committee with local stakeholders in order to ensure that the outcome reflects the Gateway's prominent location as a tourism center and is appropriate to the historic character of the area.

The project is 90% funded with Federal Transit Administration (FTA) funds made available to transit agencies in hurricane-affected areas. These funds require that any changes incorporate improvements that will help the facility better meet challenges associated with climate change. Restoring sewer and water can be the most costly and time-consuming part of getting back to business after a storm. The City of Newport has committed to provide the 10% match, or \$178,000, for the estimated \$1.78M project. The project is anticipated to commence in 2015.

East Side Tunnel Project

RIPTA has received a State of Good Repair Grant from the Federal Transit Administration for the repair and upgrade of the East Side Tunnel that connects South Main Street and Thayer Street in Providence.

These repairs and upgrades will provide much needed safety enhancements as well as general maintenance to the structure. These improvements include:

- Replacement and upgrade of the entire storm water drainage system;
- Replacement and increase of lighting and signage within the tunnel, including reflective lighting and indicators;
- Improvements to structural protections of the west side of the tunnel; and
- Relocation of the east side retaining wall to allow buses to fully leave lane of travel during boarding and alighting of passengers.

In addition to these repairs and upgrades, RIPTA is also partnering with Brown University and the Rhode Island School of Design in the design of improved passenger waiting facilities at both ends of the tunnel. These projects are estimated to commence in 2015.

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RECOMMENDATIONS FOR IMPROVEMENT

Retirement Benefits

RIPTA provides Other Post-Employment Benefits (“OPEB”), in the form of health and life insurance, for RIPTA retirees and their spouses. In FY 2014, RIPTA’s Annual Required Contribution (“ARC”) to fund its current and future OPEB liability was \$9,090,695. This number consisted of \$1,812,838 for RIPTA’s liabilities in FY 2014 (those due to retirees in FY 2014), and \$7,277,757 for future liabilities (those that will be due to retirees in future years).

RIPTA pays benefits due retirees from its operating funds on a yearly basis as they become due. In FY 2014, RIPTA paid approximately \$1,812,838 for that year’s OPEB. However, RIPTA did not fund its future liabilities of \$7,277,757. Historically, RIPTA has not funded the future liabilities of ARC due to a lack of funds. (Another reason for non-payment is that RIPTA does not have a trust into which it can contribute funds—the State will not let RIPTA use the State trust unless RIPTA’s ARC is fully funded at \$9 million, which RIPTA is unable to do. To alleviate this, RIPTA plans to set up its own trust.)

RIPTA has taken steps to reduce its future liabilities, including negotiating with its union bargaining units to provide for increases in the health insurance co-share paid by retiree spouses. RIPTA will continue to work with its union partners to achieve additional savings in future collective bargaining negotiations, such as possible changes in retirement age and years of retirement. At the same time we are exploring other ways (through additional revenue streams or cost savings) to fund our future OPEB liabilities. RIPTA’s Board of Directors aims to begin such funding in FY 2016 or 2017.

Budgetary Concerns

As noted above, RIPTA faces significant financial challenges because of future OPEB liabilities. This challenge is compounded by the rapid growth in the State’s mass transit services. RIPTA ridership was up 11% from 2011-2013, and in 2014 RIPTA provided 20 million rides. RIPTA’s system is used by nearly 70,000 riders per day. In 2013, RIPTA had the seventh fastest ridership growth rate in the nation for large transit agencies.

This growth will make service cuts very difficult to impose. As a result, RIPTA is exploring ways to increase revenue without reducing services. We anticipate commencing two new initiatives in 2015 to address this issue.

The first is a fare study that will aim to (1) maximize fare revenue while maintaining ridership; (2) advance the goal of cashless payment by researching options such as

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smart cards and proof-of-payment; (3) ensure equity across all fare media, contracts and policies; (4) plan appropriately for aging fare revenue equipment; and (5) grow ridership while meeting or exceeding the established fare standard.

The second initiative will be to address the significant costs associated with transporting thousands of riders free of charge. Under federal law, RIPTA is required to provide half-fare transportation to elderly and disabled passengers in off-peak hours. Under Rhode Island law, RIPTA is also required to provide free transportation—during all hours—to passengers whose income falls below certain poverty thresholds and who are elderly or disabled. Pennsylvania is the only other state that provides such free fares. However, in Pennsylvania the cost of such fares is funded by the state from a dedicated appropriation, so the state—not the state transit agency—bears the cost of these services. In Rhode Island, RIPTA does not receive funding to cover free fares. In FY 2013, providing these free fares cost RIPTA more than \$5 million in revenue. RIPTA is in the process of exploring ways to reduce these costs, including new processes to more strictly enforce eligibility criteria, and to root out any waste and abuse in the system. We also anticipate engaging the legislature and the next administration to discuss ways of mitigating our significant revenue loss for providing these free fares.