



SAGINAW TRANSIT AUTHORITY REGIONAL SERVICES BOARD OF DIRECTORS REGULAR MEETING MINUTES

Monday – October 14, 2024

12:00 PM

STARS Board Room (615 Johnson St.)

CALL TO ORDER

Ms. Kathy Miller called the meeting to order at 12:00 PM.

ROLL CALL

Members Present: Ms. Kathy Miller, Mr. Floyd Kloc, Mr. Carl Ruth, Ms. Diana Gutierrez, Ms. Vickie Dillon, Ms. Evelyn McGovern, Ms. Kristy Nelson, Mr. Jimmy Greene

Members Absent: Mr. Michael Hanley

EXCUSE ABSENT MEMBERS

Mr. Ruth motioned to excuse all absent members, which was supported by Mr. Kloc. Motion carried.

PUBLIC COMMENTS

Mr. Glenn Steffens, prior Executive Director of STARS, said he was not here to cause any strife or harm. After some news reports that cast him and STARS in a questionable light, he wanted to make a statement to set the record straight. Mr. Steffens said a story recently reported that STARS spent a roof grant on operations. He said there is a capitol grant STARS received thanks to Senator Peters that is for the roof and has not been spent. There were other grant funds that originally were planned for the roof, and STARS shifted those funds to other purposes with most being directed back to operations. Mr. Steffens stated STARS staff drew down these funds too soon and unfortunately, they were booked toward the roof instead of operations. As soon as he was aware of this in September, he immediately made the Chair of FTA, MDOT, and the Board aware of these mistakes and he started vetting STARS grants. Mr. Steffens continued that this was not a deliberate misdirection or malfeasance, and the grant for the roof importantly is still intact and has not been spent. Someone made an honest mistake they thought they could easily fix. Mr. Steffens said because of this error STARS was unable to readily access the intended roof grant, and to make matters worse the roof project was authorized to start without his approval at the time. The combination of these two factors has created this challenging situation and put STARS on the book for roof payments before funding was available. Mr. Steffens continued that the situation, however, is not due to any misconduct on his part. There was another part of the story that suggested STARS was short on cash and off track, and he thought that it implied some type of malicious mismanagement. Mr. Steffens said funding has always been and continues to be a problem at meeting service needs in Saginaw, as STARS lives paycheck to paycheck. This board has been aware that we use CARES, ARPA, and similar leftover funding to balance the budget last year and for prior years – last year to the tune of 1.2 million dollars. Mr. Steffens continued that STARS put out increased services post pandemic and lowered fares to assist the public during this period and permanence was never guaranteed. He has been vocal that without a substantial increase in state funding, service reductions would be required, which has been repeatedly documented through board minutes over the past several years. That state funding yo-yo' d and we did not know what the new number for the upcoming year was until the summer of this year. Mr. Steffens said this turned out to be a 450,000 cut to STARS. Mr. Steffens said we already knew we had a 1.2-million-dollar deficit at current service and funding levels, and the state funding would dictate what our future capacity would be. The state cut increased this from a 1.2-million-dollar gap to 1.7 million dollars. He continued that we were successful in avoiding the governors recommendation which would have cut stars a full million dollars in this upcoming year, but not successful in reaching three hundred million dollars statewide which would have increased STARS funding by nearly a million

dollars. That is nearly a 2-million-dollar variance. Mr. Steffens said his administration was not without its faults, but the service cost to funding gap was not due to mismanagement. We all consciously took a calculated risk to hold out extended services for as long as we could in hopes that the state would step up, and they did not. Mr. Steffens remains in support of the position of this organization – people were hurting and Saginaw needed it. He said this is not a scandal, this is a major funding decrease, combined with a post ARPA world. The concept was to do what we could with COVID dollars knowing that if funding did not increase, we would have to snap back services in 2024 and 2025. Mr. Steffens said this would not mean STARS would go under, but that we would need to accordingly cut services and costs unfortunately, until sustainable state funding is secured. This board ensured STARS did everything it could without any service cuts for as long as we could, and it is very unfortunate that Lansing cut funding despite my and others in the states best efforts. Mr. Steffens advocated as hard as he could and said transit funding is in crisis as a result. The funding problems at STARS are not unique to STARS for STARS is among many other transits in the state trying to figure out how to maintain services as expenses go up and funding decreases dramatically. Mr. Steffens stated that this fight for sustainable funding from the state must continue, and it must succeed so that STARS can as well. Under my leadership, STARS has grown immensely in many different ways and has seen many different successes. STARS is stronger, and he knows it will meet the challenges ahead. Mr. Steffens said he is deeply saddened to leave STARS, but if he is no longer desired to serve than he accepts that. He poured his heart and soul into STARS, did his best to do right by staff, and strived to have an administration anchored in morals, ethics, and integrity. Mr. Steffens is grateful to have had this opportunity, held no ill will, and genuinely hoped STARS employees and the community the best. Mr. Steffens seeks to maintain his integrity during his departure and set the record straight.

APPROVAL OF CONSENT AGENDA

Mr. Ruth moved to approve the consent agenda as presented. Ms. Gutierrez seconded the motion. Motion carried unanimously.

ACTION & DISCUSSION ITEMS

Financial Review

Ms. Amy Bidwell shared that Mr. Glenn Steffens, former Executive Director, resigned from STARS. Ms. Bidwell explained that our financial challenges were in the news, and that staff uncertainty at STARS has grown and intensified. With the help of Mr. Greene, we were able to help negotiate the roof replacement schedule and payments, as well as making the first payment. Ms. Bidwell and Ms. Miller met with MDOT on Thursday and learned that STARS has been placed on a grant draw down restriction, which means they must provide adequate documentation for draw requests. Ms. Bidwell said STARS will be able to access the congressionally directed spending funds for the purpose of the roof, and we will need to go through a process with that which includes their Trams system, which is currently down, so this will take time. Ms. Bidwell was asked to assure everyone that these funds were pledged to us, and we will be able to access them. STARS will have a financial management overview consultant from FTA that will initiate a financial review, and finance staff will be doing additional work producing documentation for this. She continued that Mr. Ed Benning recommended the STARS board consider a loan, based on future anticipated federal allocations of funds, with someone such as the City of Saginaw. This is a process we are still learning about and will be discussed further at future meetings when we know more. Ms. Bidwell said the FTA and MDOT have committed to more routine meetings on a weekly or biweekly basis. Ms. Valerie Schultz and Mr. Michael Valverde from MDOT sat in at the board meeting. FTA is hoping to conduct a triennial review recipient training meeting in Detroit this year, and we are hopeful we will have multiple seats at this meeting. Ms. Bidwell and Ms. Miller have examined STARS insurance policy for public officials and employee practices professional liability policy, have filed a claim for this financial draw down issue, and are waiting to hear if this is covered or not. More information regarding the outcome of the claim will be available as soon as its received. Ms. Bidwell and the board are reviewing top expense categories including payroll, healthcare, insurance, pensions, and vehicle maintenance, which will be reviewed by the board regularly. Ms. Miller mentioned that they are looking into healthcare costs. Ms. Gutierrez asked when the next payment is due. Ms. Miller replied next month. Ms. Dillon asked how long a typical draw down restriction remains in place. Ms. Bidwell said this can take three years, but she believes we can take steps

and get that completed faster than three years. Ms. Dillon asked if STARS will be allowed to use the congressional funds for the roof to be used to pay back what we already paid. Ms. Bidwell said this will need to be revisited by the FTA, and she will revisit this subject along with any healthcare questions at future meetings. Ms. Miller asked for any key points for reviewing the financial reporting handout Ms. Bidwell provided. Ms. Bidwell suggested they look at the final page. Ms. Miller asked if STARS cover only the employees or their family also. Ms. Bidwell said the employee gets to choose who they insure whether that is just them individually, or also their family. Ms. Miller asked what STARS pays of that amount. Ms. Bidwell said STARS pays a percentage. Ms. Nelson said this is on the bottom of the third page of Ms. Bidwell's handout. Mr. Greene explained that these amounts are tentative pending any changes to the union contract, and they would have to agree to this. Ms. Bidwell said they have implemented these benefit changes now, and employees are seeing these amounts taken from their paychecks as of now. Ms. Bidwell is committed to updating financial statements for the board, and there are many reports that need to be redone for ease and transparency. This includes separating out grants and other revenue categories to make future financial statements more understandable. Ms. Bidwell shared that what her and her team are prioritizing is the operating assistance report to identify eligible expenses the organization has, and to make the FTA draw calculations, which must be ready prior to November 10th, 2024 in order to justify a draw that will be used to make payroll as an organization. The second priority is to help with the preparation needed to begin the work on the fiscal year 2024 audit, as we do not want any delays with our audit this year. Mr. Greene asked what is being done to address staff uncertainty. Ms. Bidwell met with staff at RTW and fixed route last week, and put out internal communications via memos. Staff has asked her to have availability this week to allow employees to ask questions. Mr. Greene wants staff to feel free to reach out to the board and would like that to be expressed to STARS staff. Ms. Miller said she has allowed for this in the past, and reassured staff this morning that they can meet with Board members when needed. Mr. Greene wanted to ensure this was public record, and part of the minutes. Mr. Ruth said they need to revisit the meeting schedule. Ms. Miller said they have the regularly scheduled board meeting in two weeks, and then can continue with the regular schedule. Mr. Ruth asked to ensure there is clarity among the committees, and for everyone to be on the same page. Mr. Greene wanted to be sure that during the committee meetings members are not committing STARS to monetary commitments that cannot be made and hopes going forward they do not overcommit themselves after having the knowledge of STARS situation. Ms. Miller mentioned plans for increasing partners and revenues has been in the works and hopes to move forward with this. Ms. Nelson said revenue can come with risk when building something new and does not think STARS is in the right position for this. Ms. Miller explained that something that will be moved to the back burner is the move to Potter Street. Ms. Nelson said as a recipient of STARS it is important for her to know that STARS will be able to meet obligations. Ms. Miller clarified that she meant keeping the revenues that they have and will work to maintain the services to which we are committed. Ms. McGovern asked if there was a freeze on hiring. Ms. Bidwell said they will need clarification from the board as to whether there will be a new CEO or CFO hired, and she does not see any other hiring of additional staff at this time. Ms. Bidwell mentioned they may see staff departing as a result of this uncertainty. Ms. Miller said there is a planning position vacancy in Finance, and that STARS is paying Rehmann for financial assistance around what they would be paying a planner. Ms. Schultz from MDOT said they are in full support of STARS and the administration.

BOARD MEMBER COMMENTS

Ms. Gutierrez thanked Ms. Bidwell and staff for their work and appreciated how committed the staff is. Mr. Greene said kudos to Ms. Jamie Forbes for interacting with the media and representing STARS well. Mr. Ruth asked for staff to continue to do great work. He said he has been through two or three of these transitions at STARS, so he apologized for being nonchalant. Mr. Ruth asked Ms. Miller to continue to do great work as their leader. Ms. Nelson thanked the staff from MDOT for attending the meeting, and she thanked Mr. Ed Benning from MTA Flint for all of his help. Ms. Miller thanked the staff, and said they want to make decisions based on facts for the organization going forward. She wants to move forward stronger, and their goal and commitment is to learn from this and be better.

ADJOURNMENT

Mr. Ruth moved to adjourn; Mr. Kloc supported the movement. Meeting adjourned at 12:41 PM.

Vickie Dillon Date: 10/28/24
Vickie Dillon, Secretary