

MINUTES
MEETING OF THE BOARD OF DIRECTORS
BUSINESS MANAGEMENT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

April 30, 2012

The Board of Directors Business Management Committee met on April 30, 2012 at 10:58 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Wendy Butler
Frederick L. Daniels, Jr.
Jim Durrett, *Chair*
Barbara Babbit Kaufman
Jannine Miller*
Adam Orkin

MARTA officials in attendance were: General Manager/CEO Beverly Scott; Deputy General Manager/COO Dwight Ferrell; Chief Business Support Services Theodore Basta, Jr.; AGMs Davis Allen, Wanda Dunham, Ben Graham, Georgetta Gregory, Robin Howard, Cheryl King, Barbara Kirkland (Acting), Rich Krisak, Ryland McClendon and Elizabeth O'Neill; Sr. Directors Rhonda Briggins, Kevin Hurley and David Springstead; Directors Stephen Alexander, Tara Balakrishanan, Anton Bryant, Reginald Diamond, Lyle Harris, Rod Hembree, Donna Jennings, Walter Jones, Connie Krisak and Knox O'Callaghan; Managers Donna DeJesus, Gregory Snyderman, Roosevelt Stripling, Robert H. Thomas and Denise Whitfield; Executive Manager to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Executive Administrator Renee Willis; Finance Administrative Analyst Tracy Kincaid. Others in attendance Carlos Arrietta, Arnold Campbell, Doug Chambers, Christopher Dorsey, Stanley Drake, Kareem Jackson, Don Lawrence, Sheldon Prescott, Charisse Richardson and Zaheer Wadhwanian.

Also in attendance Charles Pursley, Jr. of Pursley of Pursley, Lowery & Meeks; Jim Brown of URS; Matt Pollack of MATC; Alice Wiggins-Tolbert of PB.

*Jannine Miller is Executive Director of the Georgia Regional Transportation Authority (GRTA) and is therefore a non-voting member of the MARTA Board of Directors.

Business Management Committee

4/30/12

Page 2

Approval of the March 26, 2012 Business Management Committee Meeting Minutes

On motion by Mr. Daniels seconded by Mrs. Kaufman, the minutes were unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Execution of a Federal Transit Administration New Freedom Program Subgrant Agreement With DeKalb County

Mr. O'Callaghan presented this resolution for Board of Directors approval authorizing the General Manager/CEO or her delegate to execute, on behalf of MARTA, a Federal Transit Administration (FTA) New Freedom Program subgrant agreement with DeKalb County, which would pass-through \$218,557 in FTA New Freedom funding to the County for (1) continuation of the DeKalb Transportation Augmentation Provided for Elderly and Disabled (TAPED) voucher and broker trip transportation project and (2) expansion of the project to include Mobility Management and Travel Training for DeKalb County residents with disabilities, including older adults and persons with Limited English Proficiency who have disabilities.

On motion by Mrs. Butler seconded by Mrs. Kaufman, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Mr. Daniels asked if MARTA's costs would be covered.

Mr. O'Callaghan said yes. The FTA grant would cover the associated MARTA staff program administration costs.

Resolution Authorizing the Execution of a Federal Transit Administration New Freedom Program Subgrant Agreement With Cobb County

Mr. O'Callaghan presented this resolution for Board of Directors approval authorizing the General Manager/CEO or her delegate to execute, on behalf of MARTA, a Federal Transit Administration (FTA) New Freedom Program subgrant agreement with Cobb County, which would pass-through \$527,850 in FTA New Freedom funding to the County for the Cobb County Disabled Persons Voucher Program. Cobb County's Department of Transportation would utilize this funding to provide transportation vouchers to persons with disabilities in Cobb County,

Business Management Committee

4/30/12

Page 3

ages 18 to 59, who live outside of the Cobb Community Transit (CCT) Paratransit Service Area.

On motion by Mrs. Butler seconded by Mrs. Kaufman the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Re-Establishment of MARTA's Commercial Paper Program

Mr. Hurley presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to approve the issuance, sale, execution, authentication and delivery of up to \$400,000,000 aggregate principal amount of Metropolitan Atlanta Rapid Transit Authority Sales Tax Revenue Commercial Paper Notes (Third Indenture Series), authorizing the payment of certain preliminary costs in connection with the issuance of the Commercial Paper Notes and making other provisions with respect to the foregoing.

Mr. Daniels asked what are the alternatives.

Mr. Hurley said staff is the information gathering stage; speaking with other agencies regarding short-term debt.

Mr. Daniels asked Mr. Hurley to explain further.

Mr. Hurley said staff is looking for short-term solutions for funding equipment with short useful life.

Mr. Daniels asked what are the overall savings.

Mr. Hurley said several million, based on projections.

Mr. Daniels requested that the Committee receive a quarterly debt structure briefing. He stated that everything should be looked at in terms of useful life.

Mr. Orkin asked what is MARTA's rating.

Mr. Hurley said P1; the highest rating.

On motion by Mrs. Butler seconded by Mrs. Kaufman the resolution was unanimously approved by a vote of 5 to 0.

Concessions Program Update

Ms. Whitfield provided the Committee an update on MARTA's Concessions Program.

Phase I Financial Recap

- Year-to-Date Beverage Revenue
 - \$302,500 (\$1,050,000 between 2010-2015 - guaranteed)
- Snack Revenue (2012-2015)
 - \$309,000 (Projected)
- ATM Revenue (2012-2015)
 - \$300,000 (Projected)
- Year-over-year beverage revenue currently averaging 25% higher in 2012 vs. 2011
- Actual and projected combined Phase I revenues total \$1,659,000 (2010-2015)

Phase II Program Objectives

- Using the results of the Psychographic, Retail Location and Financial Analysis study conducted in 2011 by Newmark, Knight Frank as a framework and benchmark, develop a robust retail program which delivers projected year-one revenues of \$1.7M to \$3.5M
- Establish 40 retail locations at 16 MARTA rail stations within an 18-24 month period
- Maintain long-term program control thus ensuring maximum revenues to MARTA

Phase II Next Steps

- Issue a Request for Information (RFI) identifying the Phase II Food and Beverage and Specialty Retail Scope of Work. Invite RFI recipients to assess and respond to MARTA's concessions partnership opportunity from several perspectives

Business Management Committee

4/30/12

Page 5

- The RFI will be followed by an Industry Day in which MARTA invites interested parties associated with travel retail concessions to participate in information sessions which address specifics of the partnership opportunity
- The results of Industry Day discussions and interactions with interested parties will form the subsequent Phase II RFP (Food and Beverage and Specialty Retail)
- Staff will seek permission from the Board to issue the RFP after it has a firm understanding of the business practices which staff believes will position Phase II for long-term sustained growth and profitability

Key Dates

- May 4 – Issue Request for Information (RFI)
- August 6 – Industry Day at MARTA
- August 20 – Responses to RFI due
- September 3 – Evaluation of RFI responses – Issue Report
- September 24 – Request permission from the Business Management Committee to issue RFP
- October 9 – Board Approval
- October 22 – Issue RFP for Phase II – Food and Beverage and Specialty Retail
- January 4 – Responses to RFP due
- January 7-21 – Evaluation of RFP responses/Write report
- January 28 – Recommend successful proponent to Business Management Committee
- February (TBD) – Board Approval

Briefing – Proposed FY13 Operating and Capital Budgets

Mr. Allen briefed the Committee on the FY13 Operating and Capital Budgets proposal.

Original Working Plan

- Financials Based on February 2011 *GSUEFC* Sales Tax Projections, With Entire Increase Flexed To Operating (@ 85% To Operations, 15% To Reserves)
- Steady State Service Levels through FY2016
- Permanent Elimination Of 50/50 Sales Tax Restrictions (post 6/2/13)
- Continuation Of "\$0" Annual Salary Increases For All Rep and Non-Represented Employees (represents an 8 year period through the end of FY 2016)
- No "New" Fare Increase Till FY 2014 (\$2.75 Base & 40 Pass Multiple)
- Capital Program @ \$185M in FY 2012
- Reserves @ +/- \$85M At The end Of FY 2016
- Mid-Fiscal Year 2013 Budget Reassessment Based On Initial KPMG Phase II Reviews/Recommendations & TIA Referendum Impact

Revisions to Plan

- Revised *GSUEFC* Sales Tax Forecast Received In December 2011
 - Loss of \$130+M (7%) Over FY 2012-16 Time Frame
- Non-Discretionary Annual Costs Of \$13.8M Added To FY 2013 Base
- Flexing Of \$25M Capital (5309 Funds) To Operating (Preventive Maintenance)
- Additional Federal Hwy Prev. Maint. Flex of \$5M for FY12 & \$5M for FY13
- No Extension Of 50/50 Relief beyond June 2013
- Reserves Projected @ \$33.5M By End Of FY 2016

MARTA Long-Term Financial Sustainability

- Must Match Expenses To Revenues
 - Resize/Restructure Agency To Projected Revenue Streams (-\$40-50M)
 - Prepare For Labor Contract Negotiations (\$0 In FY 2012-16 Plan)
- Must Eliminate Dependency On Use Of Reserves To Balance The Budget

- Must Maintain, At A Minimum, Marta Act Mandated Level Of Reserves (@ +/- \$40M Annually) Through 2012-2016 Plan Period

Capital Budget Development Assumptions

- FY13 Model Assumption are the same as FY12
- Capital Sales Tax allocation based on March 2010 GSU forecast
- Federal Formula Funding remains constant
- Additional TIA Funding is NOT included
 - TIA SOGR and Expansion Planning included in the plan
- Project focus Safety/Regulatory/State of Good Repair
- Further emphasis on project execution

Briefing – February Monthly and February Year-to-Date FY 2012 Budget Variance Analysis and Financial KPIs

Mr. Allen briefed the Committee on February Monthly and February Year-to-Date FY 2012 Budget Variance Analysis and Financial KPIs.

Actual Revenues in the month of February were unfavorable by \$3.0M, or 8.7% due to the combined effects of the following:

- (1) an unfavorable variance in Sales Tax of \$3.5M or 18.2% which underperformed relative to the February plan as forecasted by the Georgia State Economic Forecasting Center
- (2) a favorable variance in Other Revenue of \$0.4M or 57.5% due to the receipt of a realized gain on the Railroad Trust Investment (\$231K) from a prior year, as well as increased advertising revenue (\$147K) and
- (3) a favorable variance in Passenger Revenues of \$0.1M or 1.1% which was higher than budget due to ridership being higher than projected

On a February year-to-date-basis, actual Revenues were favorable by \$1.2M, or 0.5%. Of this amount, Passenger Revenues exceeded budget by \$2.3M, or 2.8% and Sales Tax receipts had an unfavorable variance of \$2.2M or 1.7%.

Actual Expenses were under budget (favorable) by \$0.2M, or 0.6%, in the month of February. This positive variance was mostly due to the combined effects of the following:

- Salaries & Wages being favorable by \$0.6M or 3.7% in the month of February
- Overtime Expenses were \$0.3M or 17.9% over budget (unfavorable) primarily in the Offices of Police, Rail Car Maintenance, and Rail Services due primarily to vacancies and having new Homeland Security required mandates throughout the year that required additional overtime by Police
- Benefits were unfavorable by \$1.2M or 12.7% due primarily to Healthcare Non-Rep and State Unemployment.
- Contractual Services were \$0.5M or 18.5% favorable due to timing related differences in expensing invoices
- CNG Fuel was \$0.02M, or 4.1% under budget
- Diesel Fuel was \$0.1M, or 15.8% under budget, due to running fewer miles than planned in February
- Other Materials & Supplies were favorable by \$0.2M or 10.4%
- Other Non-Labor was unfavorable by \$0.3M or 14.1% due primarily to a timing difference in the telephone account (\$272K) and anticipated payouts associated with injury claims (\$117K)
- Capital charges were favorable by \$0.6M or 19.0% as more capital employees are being hired as well as more full time employees are charging to capital projects

On a February year-to-date basis, net operating budget expenses were under budget (favorable) by \$8.5M, or 3.1%, primarily due to the combined effects of the following:

- Salaries & Wages—the largest portion of labor expenses which, when combined with overtime and benefits constitute over 74% of the annual operating budget—were favorable by \$6.1 M or 4.3% on a February year-to-date basis
- Overtime Expenses were \$2.5M or 18.4% over budget
- Benefits were favorable by \$0.6M or 0.7%
- Contractual Services were \$2.3M or 12.5% under budget

- CNG Fuel was \$0.1M, or 2.2% over budget
- Diesel Fuel was \$0.4M, or 6.9% under budget
- Other Materials & Supplies were unfavorable by \$1.5M or 9.5%
- Other Non-Labor charges were \$2.0M or 9.2% under budget
- Capital charges were favorable at \$1.2M or 4.4% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Loss (deficit) of \$5.7M requires a sales tax subsidy of 60.5%, which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 64.5%

Financial Key Performance Indicators

- February Budget Variance
 - The budget variance for the month of February was favorable at -0.63% under budget, mostly due to favorable variances in labor (vacancies) and contractual services costs
 - The budget variance for the Fiscal Year 2012 (the months of July through February) remains favorable at -3.13% under budget, mostly due to favorable variances in labor (vacancies) and contractual services costs (see Financial Analysis section for details).
- Combined Ridership
 - Combined Ridership for the month of February was 10.9M unlinked passenger boardings, which exceeded the forecasted total of 9.3M by 1.6M trips, or 17.1%
 - Combined Ridership of 93.2M unlinked trips for the Fiscal Year 2012 (the months of July through February) exceeded the forecast of 84.1 M unlinked trips by 9.1M, or 10.9%.
- Bus Cost per Passenger Trip
 - The Cost per Bus Passenger Trip of \$3.20 in February was better than the forecast of \$4.03 by \$0.83, or 20.6%.

- The Cost per Bus Passenger Trip of \$3.16 for the Fiscal Year 2012 (the months of July through February) was better than the forecast of \$3.82 by \$0.66, or 17.3%
- Rail Cost per Passenger Trip
 - The Cost per Rail Passenger Trip of \$2.38 in February was better than the forecast of \$2.65 by \$0.27, or 10.2%
 - The Cost per Rail Passenger Trip of \$2.30 for the Fiscal Year 2012 (the months of July through February) was better than the forecast of \$2.51 by \$0.21, or 8.4%
- MARTA Mobility Cost per Passenger Trip
 - The Cost per MARTA Mobility Passenger Trip of \$29.07 in February was better than the forecasted \$37.69 by \$8.62, or 22.9%
 - The Cost per MARTA Mobility Passenger Trip of \$30.21 for the Fiscal Year 2012 (the months of July through February) was better than the forecast of \$35.70 by \$5.49, or 15.4%

Briefing - February FY 2012 Key Performance Indicators

Mr. Basta briefed the Committee on the February FY2012 Key Performance Indicators.

- Customer Service KPIs
 - These 2 KPIs, measuring responsiveness of MARTA's Customer Service Centers have and continue to perform better than their Targets
- Bus Operations KPIs
 - Bus OTP and MDBF have again met the Target for the month of February and are improving on the Year-to-Date basis; MDBSI missed the Target, but is improving on the Year-to-Date basis; and the Bus Complaint rate has noticeably decreased relative to the Target and last year's actual rate
- Rail Operations KPIs
 - 3 of 4 Rail KPIs have performed better than their Targets. Rail MDBF has missed the Target due, for the most part, to door

Business Management Committee

4/30/12

Page 11

problems on segments of the fleet; however, this has not impacted service delivery

- Mobility Operations KPIs
 - Mobility OTP, MDBF, MDBSI and Complaint rate have missed their Targets mostly due to a large number of new and inexperienced operators added to the force to keep up with the continuously increasing demand. 2 KPIs, measuring responsiveness of Mobility Reservation Services, have met their Targets; Trip Denial Rate continues to be maintained at zero
- Facilities Operations KPIs
 - Escalator and Elevator Availability KPIS continue to show remarkable improvements relative to last year's performance, barely missing the annual Target due to a number of units being taken out of service for major overhaul
- Safety & Security KPIs
 - Part I Crime Rate and Employee Accident Rate have performed better than their Targets in the month of February; the Bus Collision Rate and Mobility Collision Rate have missed their Targets

Other Matters

Mr. Durrett referenced Agenda Item #9 - February FY 2012 Ridership - asking that Board Members review the items.

Adjournment

The meeting of the Business Management Committee adjourned at 12:17 pm.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board