

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

October 30, 2014

The Board of Directors Business Management Committee met on October 30, 2014 at 9:03 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Harold Buckley, Sr.
Frederick L. Daniels, Jr., *Chair*
Barbara Babbit Kaufman

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Chief Operating Officer Richard A. Krisak; Chief of Staff Rukiya S. Eaddy; Chief Administrative Officer Edward L. Johnson; Chief Financial Officer Gordon L. Hutchinson; Chief Counsel Paula Nash (Acting); AGMs Joseph Dorsey (Acting), Robin Henry, Ming Hsi, Reginald Mason, Ryland McClendon, Terry Thompson and Donald Williams (Acting); Executive Director Ferdinand Risco; Senior Directors LaShanda Dawkins, Joseph Erves, Bernard Guida, Kevin Hurley and Amanda Rhein; Directors Jennifer Jinadu-Wright and Knox O'Callaghan; Managers Tony Griffin, John Remillard and Janide Sidifall; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid. Others in attendance Don Lawrence, Ronnie McAfee, Courtne Middlebrooks, Srinath Remala, Tuan Vo and Dansby Wade.

Also in attendance Pam Alexander of LTK Engineering; Jack Buckingham of MATC; Lysle Tower.

Consent Agenda

- a) Approval of the September 25, 2014 Business Management Committee Meeting Minutes
- b) Resolution Authorizing Award of a Contract for MARTA's Life and AD&D Insurance Coverages RFP P 32661
- c) Resolution to Approve Disposal of Parcel D3191 at Canterbury Road in the City of Atlanta

- d) Resolution to Request Approval to Sell MARTA Parcel D7002, a 3,701 Square Foot Parcel on the West Side of Barfield Road, South of Abernathy Road, Sandy Springs, Fulton County, GA

On motion by Mr. Buckley seconded by Mrs. Kaufman, the Consent Agenda was unanimously approved by a vote of 3 to 0, with 3 members present.

Individual Agenda

Resolution Authorizing Additional Funding for AC Traction Motor Overhaul and Repair Services CP B26769

Mr. Erves presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to authorize additional funds in the amount of \$1,000,000.00 to provide AC Traction Motor Overhaul and Repair Services. The contract requires additional funding to cover expenses for a four (4) month period from December 2014 through March 2015, at which time a new contract is anticipated to be in place.

This effort will preclude a gap in service and will secure a supply of spares to meet the daily operating requirements of the revenue fleet. Currently, there are no spare traction motors, 38 rail cars are out of service, and 52 traction motors are at the vendor awaiting overhaul with no funding remaining to complete the work. The existing MARTA Rail Car Maintenance motor shop does not have sufficient capacity to meet the demands of traction motor rebuilds.

Mr. Buckley asked if there is a preventative program in place.

Mr. Erves said a check is done at every 15K miles but even at that frequency it cannot be determined when the bearings will fail.

Mr. Daniels asked if there is any way to monitor this.

Mr. Erves said not currently. MARTA noticed the issues in 2002; hired a consultant and subsequently changes were implemented. Now the same problem is being seen.

Mr. Buckley asked if MARTA can go back to manufacturer about the problem.

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Mr. Erves said this is not really a manufacturing issue. It has more to do with the technology.

Mr. Daniels said the problem is keeping this from happening again.

Mrs. Kaufman asked why the manufacturer is not being held responsible.

Mr. Erves said there was a settlement and legally MARTA cannot go back to them for a claim.

On motion by Mr. Buckley seconded by Mrs. Kaufman, the resolution was unanimously approved by a vote of 3 to 0, with 3 members present.

Resolution Authorizing the Award of a Contract for Procurement of Merchant Credit and Debit Card Processing Contract, RFP P29171

Mr. Hurley presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute a contract for the procurement of Merchant Credit and Debit Card Processing Services.

Based on the evaluation provided by the Source Evaluation Committee, Staff recommends award to Bank of America Merchant Services LLC. Bank of America Merchant Services LLC is a Bank of America and First Data Corporation contractor/subcontractor relationship. Bank of America is the acquiring and depository bank while First Data Corporation supplies the card processing infrastructure.

Mr. Risco briefed the Committee on the DBE considerations:

The Office of Diversity and Equal Opportunity (DEO) assigned a Disadvantaged Business Enterprise (DBE) goal of 10% on this contract. The Prime Contractor has identified DBE participation at a level of 0%. The inability of the Prime Contractor to directly meet the goal is due to electronic processing utilizing proprietary software and the security components surrounding credit card transactions. Bank of America does have a supplier diversity program but due to the aforementioned items, it prohibits the use of subcontractors for their card service processing. It is clear to DEO that this particular service does not offer any subcontracting opportunities, DBE or otherwise. However, Bank of America has demonstrated sufficient Good Faith Efforts to find areas of opportunity for DBE participation on this procurement. DEO accepts Bank of America's Good

Faith Efforts in lieu of DBE participation on this procurement.

On motion by Mr. Buckley seconded by Mrs. Kaufman, the resolution was unanimously approved by a vote of 3 to 0, with 3 members present.

Mrs. Kaufman asked if MARTA will be able to use Apple Pay.

Mrs. Hsi said not currently – Apple has not released it to the development community.

Resolution Authorizing the Award of a Contract for Transit Advertising, RFP P32607

Mr. Griffin presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to enter into a contract with CBS Outdoor Group LLC for Transit Advertising.

Transit Advertising Contractor Market

- CBS Outdoor Group LLC
 - CBS has been providing transit advertising since 1938 (based in New York)
 - Estimated \$300M in transit advertising sales in 2013 with total revenue of \$1.3B (billboards)
 - Major Accounts: New York MTA, Washington D. C. WMATA, Los Angeles LA Metro
- Titan Outdoor LLC
 - Titan Outdoor launched in 2001 (based in New York)
 - Estimated \$250M in transit advertising sales
 - Major Accounts: Boston MBTA, Philadelphia SEPTA, Chicago CTA

MARTA Transit Advertising Revenue History

- CBS Outdoor has been MARTA's 2014 transit advertiser since 1979 under multiple names of (i.e. CBS, Viacom, TDI, Winston Network)
- CBS Outdoor split from CBS Corp. in June but still has an enterprise value of approximately \$5B
- In 2013 CBS generated \$1.3B in revenue (\$300M from transit)

CBS Alcohol Revenue Projections

- CBS Estimates
 - 2014 – \$215K
 - 2015 – \$300K
 - 2016 – \$500K
 - 2017 – \$700K
 - 2018 – \$800K
 - 2019 – \$900K
- 2014 CBS Alcohol Advertising Sales (April thru Sept.): \$176K
- Complaints: 42 utilizing the same form letter "Alcohol Justice" (only 4 of 42 from Georgia) all but two received June during 20th - 28th
- Recommendation: Allow alcohol advertising for the new contract commencing January 1, 2015

Proposed Revenue

- Five Year Minimum Guarantee – \$17.12M/avg. \$3.42M/yr.
- Revenue Two Year option (if Exercised) – \$7.571 M/avg. \$3.78M/yr.
- Total Seven Year Revenue – \$24.691 Million
- MARTA's Commission Percentage – 65%

Mrs. Kaufman and Mr. Daniels expressed concern about the Minimum Guarantee and revenue projections.

Mr. Parker said MARTA will have another conversation with CBS and follow up with the Board at the November 6th Work Session.

On motion by Mrs. Kaufman seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 3 to 0, with 3 members present.

Briefing – FTA TOD Planning Grant Opportunity with DeKalb County for I-20 East Corridor

Mr. O'Callaghan and Ms. Sidifall briefed the Committee on MARTA's proposed

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application, in partnership with DeKalb County, for a FTA Transit-Oriented Development (TOD) Planning Grant for the I-20 East Corridor.

Introduction and Background

- New MAP-21 Pilot Grant Program – augments FTA's Fixed Guideway Capital Investment Grants Program
- Purpose – Fund comprehensive TOO-related planning for a transit capital project corridor
- Associated with new fixed guideway/core capacity projects that will be seeking funding from FTA's Capital Investment Grants Program

FTA Grant Criteria

- Comprehensive Corridor Based Planning
- Limited to project corridors already in NEPA or Engineering/Development Phase
- Substantial Local Partnership Required
- Private Sector Participation/Involvement
- Priority given to Corridors with:
 - Significant challenges related to TOO Planning/ low levels of existing development; or
 - Where cost of planning work to overcome these challenges exceeds what might be readily available locally
- Encourages strategies to support affordable housing and that address potential residential/commercial displacement

Grant Criteria: Funding

- Between \$250K-\$2M per Grant Award
- Cost Sharing
 - Federal Share: 80%
 - Local Share: 20%
- \$20M available nation-wide
- Increased priority given for committed Local funding

Prospective Planning Grant – Corridor: I-20 East Heavy Rail Transit (HRT)

- I-20 East (now in NEPA Phase) is the only MARTA Expansion Corridor meeting FTA Eligibility Criteria
- Local/DeKalb County Support
- Builds upon existing regional/local plans
- Planning work funded by this grant would better position I-20 East capital project to compete for future FTA New Starts funding
- Would address entire HRT corridor (Indian Creek-Stonecrest)

Partnership with DeKalb County

- Grant Proposal contingent upon significant support from DeKalb County
 - Submittal of application contingent upon DeKalb providing at least 50% of the Local Match
 - Office of the Interim CEO
 - DeKalb County Planning
 - Chamber of Commerce/CIDs/Corridor Businesses/Alliances

Grant Project Deliverables

- Strategic Plan for implementing Transit Oriented Development (TOD) in the I-20 East Corridor
- Focus on following key areas:
 - Economic Development
 - Tools to encourage TOD implementation such as land banking, value capture, and development financing
 - Creation of a Tax Allocation District to leverage private sector and federal support to fund public infrastructure and amenities which drive economic development
 - Strategies to: spur quality job creation and investment throughout the I-20 East corridor; foster new partnerships between the public and private sectors and business and non-profit communities; to accelerate investments in transit and TOD
 - Equity

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- Policies to reduce the cost of living through the creation of transit-accessible mixed income neighborhoods which include sustainable affordable housing
- Initiatives to improve access to job centers, education/professional development opportunities, essential services, fresh foods and healthcare
- Community outreach and education to promote understanding of equitable TOD; gain community support for proposed policies and recommendations
- Mobility Improvements
 - Initiatives to improve multimodal access to transit stations, increase ridership and increase transit access for pedestrians and bicyclists
- Land Use/Zoning
 - Review of existing zoning and land use to ensure alignment with MARTA's TOD Guidelines
 - Corridor development policies and station development plans, a proposed timeline and recommended financing strategies for the plans

Proposed Grant Budget

- Federal Share: (80%) – \$1.6M
- Local Match: (20%) – \$0.4M*
- Total Cost: \$2M

*Local Match to be shared between DeKalb County and MARTA, as well as potential Private Sector Contributions; DeKalb to provide at least one-half (est. \$200K) of the 20% Local Matching Share

Schedule and Next Steps

- Proposals due to FTA – 11/3/14
- FTA Notification of Grant Award – January 2015
- Period of Performance – *not to exceed* 24 months

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Mr. Daniels disclosed that he is Chairman of the East Metro CID and therefore has a vested interest in this project. He added that he has spoken to Commissioner May and the concern is constituents of DeKalb County not having realistic expectations. MARTA needs to clearly communicate what the end product will be.

Ms. Sidifall said this effort will look at redevelopment and any initiatives that will support that.

Mr. Daniels said the Authority needs to state what it is not.

Ms. Sidifall said it will not support rail.

Briefing – FY2015 August Budget Variance Analysis and Performance Indicators

Mr. Hutchinson briefed the Committee on the August 2014 Financial Highlights and KPIs.

- August was a strong financial month – \$2.2M surplus and \$2.9M better than budget
- There were no significant changes on the Expense side
- Salaries remain positive though the Authority still has vacancies
- Overtime is still an issue – the Authority is aggressively working to bring that down
- There were some timing issues but no unusual budget variances
- Year-to-Date (YTD) performance is \$6.9M better than budget with a \$5.6M profit
- Sales Tax will likely run negative but Ad Valorem Tax is expected to offset the Sales Tax issue
- Passenger Revenue is running higher than budgeted
- YTD expenses show the effect of vacancies – MPD (MARTA Police) have been hiring and overtime is expected to level out
- Sales Tax requirement at 40.5% put the Authority in a good position – under use of FY15 Sales Tax receipts came in at \$5.6M
- Combined Sales and Ad Valorem Tax is above budget

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- Customer Service KPIs are on target
- Bus OTP declined but is still on target
- Bus MDBF shows continued weakness – this is expected to improve with the new bus fleet and enhanced maintenance
- Mobility OTP continues to decline while Mobility MDBF is improving – this has to do with employee absenteeism and mechanical issues
- Bus collisions are a significant challenge – the Office of Safety is tackling this issue
- Employee injuries have significantly declined

Other Matters

The Committee received the August FY 2015 Key Performance indicators as informational only.

Adjournment

The meeting of the Business Management Committee adjourned at 10:13 a.m.

Respectfully submitted,



Kellee N. McDaniel
Sr. Executive Administrator to the Board