

MINUTES
MEETING OF THE BOARD OF DIRECTORS
BUSINESS MANAGEMENT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
May 29, 2013

The Board of Directors Business Management Committee met on May 29, 2013 at 11:12 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.
Jim Durrett
Roderick E. Edmond, *Chair*
Barbara Babbitt Kaufman

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Chief Operating Officer Richard A. Krisak; Chief of Staff Rukiya Eaddy; Chief Administrative Officer Edward L. Johnson; Chief Financial Officer Gordon L. Hutchinson; Program Manager, Strategic Transformation Initiative Davis Allen; AGMs Deborah Dawson, Wanda Dunham, Rod Hembree (Acting), Jonnie Keith (Acting), Cheryl King, Ryland McClendon and Elizabeth O'Neill; Sr. Directors Rhonda Briggins and David Springstead; Directors Knox O'Callaghan and Ferdinand Risco; Manager Antoine Smith; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene Huff; Finance Administrative Analyst Tracy Kincaid; Others in attendance Rich Boullain, Anthony Pines, Francisco Quinones.

Also in attendance Matt Pollack of MATC, Dave Williams of Metro Atlanta Chamber of Commerce, Matt Berry and David Roberts of KPMG, Rod Mullice of NGFK.

Approval of the April 25, 2013 Business Management Committee Meeting Minutes

On motion by Mr. Durrett seconded by Mr. Daniels, 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 Douglas County

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute, on behalf of MARTA, a Federal Transit Administration (FTA) New Freedom Program subgrant agreement with Douglas County, which would pass-through \$51,900 in FTA New Freedom funding to the County. Douglas County's Department of Multi-Modal Transportation Services would utilize this funding to assist in providing transportation vouchers and travel training for persons with disabilities residing in Douglas County. The Atlanta Regional Commission (ARC) has programmed this federal funding at Douglas County's request in the Metropolitan Transportation Improvement Program (TIP).

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was 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 Rockdale County

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute, on behalf of MARTA, a Federal Transit Administration (FTA) New Freedom Program subgrant agreement with Rockdale County, which would pass-through \$38,000 in FTA New Freedom funding to the County. Rockdale County would utilize this funding to provide continuing support to their transportation voucher program for persons with disabilities.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Execution of a Federal Transit Administration Grant and Corresponding IGA Amendment for Atlanta Streetcar Project Transit Improvements

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute a Federal Transit Administration (FTA) grant on behalf of MARTA and corresponding amendment to the Intergovernmental Agreement (IGA) with the City of Atlanta and the Atlanta Downtown Improvement District (ADID), which would fund capital

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cost activities associated with Transit Enhancements and construction improvements on the Atlanta Streetcar project. The proposed grant would provide \$5,004,581 in Federal FY 2013 flexible Surface Transportation Program (STP) funds, as recently designated for this project by the Atlanta Regional Commission (ARC) in the Metropolitan Transportation Improvement Program (TIP). The required 20 percent local matching share would be provided by Invest Atlanta on behalf of the City of Atlanta.

Mr. Durrett asked if these are new funds found by ARC.

Mr. O'Callaghan said yes.

Dr. Edmond asked if overages from subprimes were included.

Mr. Boullain said yes.

Dr. Edmond asked if MARTA will receive any administrative fees.

Mr. O'Callaghan said this grant does not include administrative fees.

Dr. Edmond said he would like to know what it is costing MARTA. The Authority may be asked in the future to act in good faith.

Mr. Parker said staff will prepare a report for the Board.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing an Increase in the Contract Value for RFP P22915 Annual Management Audits

Mr. Allen presented this resolution for Board of Directors' approval authorizing an increase in the contract value for RFP P22915, Annual Management Audits, to an amount not to exceed \$430,774.00 to provide for the performance of the Annual Management Audit for 2013 and to further provide for implementation services for a portion of the recommendations of the 2012 Annual Management Audit.

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Mr. Daniels asked what are the specific deliverables for this increase.

Mr. Allen said primarily this increase would go towards assisting in the development of a strategy to outsource Human Resources and Payroll.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Briefing – FY2014 Operating and Capital Budgets Public Hearings Results

Mrs. Briggins briefed the Committee on the results of the FY2014 Operations and Capital Budgets Public Hearings.

Community Outreach Prior to Public Hearings

- MARTA Community Bus and Outreach in Stations
 - Cinco de Mayo Festival, Centennial Olympic Park – May 5th
(Spanish Only)
 - Decatur Station – May 13th
 - Lindbergh Station – May 15th

Public Hearings

- Tuesday, May 14th at 7:00 PM
 - North Fulton Service Center
 - Decatur Maloof Auditorium
- Tuesday, May 16th at 7:00 PM
 - Atlanta MARTA HQ
 - Adamsville Recreation Center (South Fulton)

Distribution – Faith Community

- Peachtree Road UMC
- Peachtree Road Presbyterian
- Mount Vernon Presbyterian
- Elizabeth Baptist
- West Hunter Street Baptist
- Love Center
- Ebenezer Baptist

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- Central UMC
- Friendship Baptist
- Greater Piney Grove
- Woods Memorial Baptist
- Cascade UMC
- Mount Carmel
- East Point First Mallalieu
- World Changers
- Antioch Baptist
- Clairmont Presbyterian
- Columbia Drive UMC
- Clairmont Hills Baptist
- New Birth Missionary
- New Piney Grove
- Greenforest Baptist
- 1st Church of Christ Decatur
- The Temple
- Concerned Black Clergy

Flyer Distribution – Asian Community

- Chinese Community Center
- Dinho Super Market
- Vietnamese Market/Buford Highway
- Hong Kong Market – Jimmy Carter Blvd.
- Super H-Mart – Doraville/Peachtree Industrial & I-285
- Happy Valley Restaurant – Jimmy Carter Blvd.
- Buford Farmers Market Media Distribution Desk
- Asian American Resource Center Gwinnett
- Korean Community Center – Buford Highway
- Ho Pin Market Media Table
- Atlanta Chinese Community Church
- Center for Pan Asian American Community Services

Advertisement

- AJC
- ACE III/Champion
- Crossroads & So DeKalb County
- Neighbor Newspapers
- Mundo Hispanico

Public Hearings Attendance

- Tuesday, May 14th at 7:00 PM
 - North Fulton Service Center
 - Attendance – 2
 - Speakers – 2
 - Media – 0
 - Decatur Maloof Auditorium
 - Attendance – 27
 - Speakers – 12
 - Media – 0
- Tuesday, May 16th at 7:00 PM
 - Atlanta MARTA HQ
 - Attendance – 18
 - Speakers – 10
 - Media – 0
 - Adamsville Recreation Center (South Fulton)
 - Attendance – 6
 - Speakers – 5
 - Media – 0

Common Comments during Public Hearings

- Serious Issues with Mobility Services
 - On-time performances
 - Requested courtesy calls for late arrivals
 - Major no-show and late issues
 - Customer service issues
- Customers spoke out against KPMG Study and Privatizations
 - Service will worsen under a private contractor
 - MARTA employees will lose their jobs
 - Will not save taxpayers money
- Happy to hear that we're planning to re-open restrooms
- Happy to hear no fare increase this year

Dr. Edmond asked if MARTA received any consistent comments regarding the Budget.

Ms. Briggins said no.

Mr. Daniels asked about MARTA's Community Bus.

Ms. Briggins said MARTA's Community Bus has been very well received. The Senior/Elderly community has voiced concerns about not being able to attend Public Hearings – the community bus will allow MARTA to go to them for mini hearings.

Resolution to Adopt the Fiscal Year 2014 Operating and Capital Budgets

Mr. Allen presented this resolution for Board of Directors' approval to adopt the Fiscal Year 2014 Operating and Capital Funds Budgets. This resolution also allows for the utilization of prior year carry-over to subsidize operating and capital costs. In accordance with the MARTA Act, the Board is required to adopt the Fiscal Year 2014 Budgets on or before the last day of the current Fiscal Year following a public hearing and review of said Budgets.

Mr. Daniels said service restoration is being projected for 2017. He asked if the Authority can look at restoring service any sooner.

Mr. Parker said it is Management's intention to come back for an amendment to the Budget. Staff is confirming some numbers for additional revenue in advertising and retail. MARTA is taking an aggressive look at the pros and cons and these will be brought back to the Board for consideration.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Briefing – March Year-to-Date FY 2013 Budget Variance Analysis and Financial KPIs

Mr. Allen briefed the Committee on the March Year-to-Date FY 2013 Budget Variance Analysis and Financial KPIs.

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During the month of March, total net revenues were 0.4% less than budget (unfavorable) due to:

- 1) an unfavorable variance of \$1.0M or 8.6% in Passenger Revenue due to ridership being lower than projected
- 2) an unfavorable variance of \$1.3M or 20.4% in Federal Assistance due to an anticipated decrease in eligible Preventive Maintenance reimbursable expenses – this was offset by a favorable variance in Other Revenue

Also during the month, total net expenses were \$3.6M or 10% less than budget (favorable) primarily due to:

- 1) a favorable variance of \$2.2M or 11.7% in Salaries & Wages due to vacancies
- 2) a favorable variance of \$1.8 or 16.0% in Benefits due to vacancies and healthcare being less than planned

On a March year-to-date-basis, actual Revenues were favorable by \$1.6M or 0.5%. Of this amount, Sales Tax receipts were favorable by \$4.2M or 3.4% which was offset by Federal Assistance (6.8%) due to an anticipated decrease in eligible Preventive Maintenance reimbursable expenses.

The net overall favorable result in total Revenue was primarily due to the combined effects of the following:

- Sales Tax receipts over-performing (3.4%) relative to plan on a March YTD basis as forecasted by the Georgia State Economic Forecasting Center
- Passenger Revenue was slightly lower than budget (1.2%) even though YTD ridership was lower than projected by 3.4%; Revenue associated with selling of breeze cards, which are unrelated to trip making revenue, account for the slight difference in percentages; additionally, the cost of fare media is no longer included as a contra revenue item
- Station Parking was lower at 16% below budget; some factors causing this is a decreased requirement for long term lots due to decreased travel, as well as suspected increased fare evasion tactics
- Lease Income was below budget by 3.9% primarily due to the TOD Ground leases not yielding as planned due to timing differences (\$149K) and the Amortized Lease Income (\$150K) due to the unwinding of two defeased lease transactions/tranches in June 2012

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- Federal Assistance was below budget by \$3.7M or 6.8% due to an anticipated decrease in eligible Preventive Maintenance reimbursable expenses.
- Other Revenues were above budget by \$3.0M or 52.8% due to the receipt of the Alternative Tax Rebate (\$2.5M)

On a March year-to-date basis, net operating budget expenses were under budget (favorable) by \$30.5M or 9.5% primarily due to the combined effects of the following:

- Salaries & wages were favorable by \$15.9M or 9.5%
- Overtime Expenses were \$2.0M or 12.2% over budget (unfavorable) which is an offsetting impact of the vacancies
- Benefits were under budget by \$9.1 M or 9.2%
- Contractual Services were \$1.2 or 6.0% under budget (favorable) primarily due to timing differences
- CNG Fuel was \$0.5M or 14.2% under budget due to running fewer miles than planned
- Diesel Fuel was \$0.5M or 6.1% under budget also due to running fewer miles than planned
- Other Materials & Supplies were unfavorable by \$1.7M or 8.1%
- Other Non-Labor charges were \$2.1M or 9.1% under budget
- Capital charges were favorable at \$4.8M or 12.8% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of \$11.1M requires a sales tax subsidy of 45.7%, which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 59.9%

Key Performance Indicators

- March Budget Variance
 - The budget variance for the month of March was favorable at 9.99% below budget, mostly due to a favorable variance in labor cost (vacancies); the 2013 Fiscal Year-to-Date (months of July through March) budget variance remains favorable at 9.50% below

budget, mostly due to favorable variances in labor (vacancies), contractual services and fuel costs

- Combined Ridership
 - Combined Ridership for the month of March was 10.6M unlinked passenger boardings, falling short of the forecasted 11.4M by 812K or 7.1%; the 2013 Fiscal Year-to-Date (months of July through March) Combined Ridership of 97.2M unlinked trips is lower than forecasted 101.4M by 4.2M or 3.4%
- Bus Cost Per Passenger Trip
 - The Cost per Bus Passenger Trip of \$3.36 in March was better than the forecast of \$3.66 by \$0.30 or 8.2% this favorable variance was due to net under-runs in budgeted expenses; the 2013 Fiscal Year-to-Date (months of July through March) Cost per Bus Passenger Trip of \$3.37 is better than the forecasted \$3.66 by \$0.29 or 7.9% this favorable variance is due to net under-runs in budgeted expenses
- Rail Cost Per Passenger Trip
 - The Cost per Rail Passenger Trip of \$2.46 in March was better than the forecast of \$2.58 by \$0.12 or 4.7% this favorable variance was due to net under-runs in budgeted expenses; the 2013 Fiscal Year-to-Date (months of July through March) Cost per Rail Passenger Trip of \$2.41 is better than the forecasted \$2.58 by \$0.17 or 6.6%. This favorable variance is due to net under-runs in budgeted expenses
- Mobility Cost Per Passenger Trip
 - The Cost per MARTA Mobility Passenger Trip of \$29.70 in March was better than the forecast of \$33.21 by \$3.51 or 10.6% this favorable variance was due to net under-runs in budgeted expenses; the 2013 Fiscal Year-to-Date (months of July through March) Cost per Mobility Passenger Trip of \$32.39 is better than the forecasted \$33.26 by \$0.87 or 2.6% this favorable variance is due to net under-runs in budgeted expenses

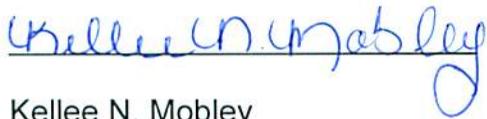
Other Matters

The Committee received the March FY 2013 Key Performance Indicators report as information only.

Adjournment

The meeting of the Business Management Committee adjourned at 11:50 a.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board