

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

February 23, 2017

The Board of Directors Business Management Committee met on February 23, 2017 at 10:01 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Robert F. Dallas
Frederick L. Daniels, Jr., *Chair*
Jim Durrett
Roderick E. Edmond
Jerry Griffin
Freda B. Hardage
Alicia Ivey
Al Pond

MARTA officials in attendance were: GM/CEO Keith T. Parker, AICP; Chief Administrative Officer LaShanda Dawkins (Acting); Chief Financial Officer Gordon L. Hutchinson; Chief Operating Officer Richard A. Krisak; Chief Counsel Elizabeth O'Neill; Chief Communications Officer Goldie Taylor; Chief of Staff Rukiya S. Thomas; AGMs Elayne Berry, Michael Burrows (Acting); Robin Henry, Ming Hsi, Benjamin Limmer, Ryland McClendon, David Springstead and Emil Tzanov; Executive Director Paula Nash (Acting); Sr. Directors Joseph Erves and Amanda Rhein; Directors Onyinye Akujuo, James Biscoe, Lisa DeGrace, Joseph Dorsey, Leslie Hubble (Acting), Sherrie Johnson, Gena Major, Patricia Sullivan, William Taylor and Bob Thomas; Managers Jacquelyn Bentley, Alisa Jackson and James Sibert; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Senior Executive Administrator Keri Lee (Acting); Department Administrator Tracy Kincaid. Others in attendance were Rhonda Allen, Charles Boone, Johnathan Brathwaite, Jacquelyn Christophe, Denise Coleman, Arluther Deadwyler, Coy Dumas, Jr., Cory Loriot, Anthony Merriweather, Courtne Middlebrooks, Columbus Ussery, Lesley Walker.

Also in attendance were Stasha Echols of Lanier Parking Solutions; Tony Parker of Pond & Company; Sid Sparks and David Zenonos of S.L. King & Associates, Inc.

Approval of the January 26, 2017 Business Management Committee Meeting Minutes

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

Resolution Authorizing the Approval of a Modification to the Non-Represented Defined Benefit Pension Plan

Mrs. Dawkins presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to (1) amend Section 6.02 of the Non-Represented Defined Benefit Pension Plan to increase the level of non-police employee contribution to the Plan from the current 6% to 7% percent and to increase the Transit Police contribution from the current 7.5% contribution to 8.5% contribution; and (2) amend Section 3.10 of the Plan to revise the current provision of an automatic annual 1% cost of living increase for pensioners and to provide instead for potential cost of living increase for pensioners when the determination is made by the Board of Directors that the Authority has the financial resources to authorize a cost of living adjustment.

Mr. Daniels asked how will this modification be communicated to employees.

Mrs. Dawkins said the communication plan has not be fully vested, but it will include written communication and small group meetings.

On motion by Mr. Durrett seconded by Mr. Pond, the resolution was unanimously approved by a vote of 7 to 0, with 7 members present.

Briefing – Grant Programs

Ms. Akujuo briefed the Committee on the Strategic Vision for MARTA's Grant Programs.

MARTA FTA Grants

- MARTA currently manages a total of \$218M of discretionary and oversight grants on behalf of others
- The Atlanta Streetcar Project represents \$98M of the \$207.5M FTA discretionary grants
- MARTA receives an average of \$89M in formula grants to primarily provide funding for State of Good Repair (SOGR) and Bus Operations

MARTA Formula Grant Breakdown

- FY 2013 - \$91.4M
- FY 2014 - \$87.8M
- FY 2015 - \$86.5M
- FY 2016 - \$91M
- FY 2013-2016 Total - \$356.7M
- MARTA receives an average of \$89M Annually; primarily for, SOGR and Preventative Maintenance

Preserving MARTA's Funds

- In FY16, MARTA had five inactive grant funded projects that were in danger of being de-obligated
- MARTA developed an execution plan and presented it to the FTA to preserve the grants:
 - Hamilton CNG Facility (three grants totaling \$19M): Bids open in February 2017
 - Westline/BRT Study: MARTA Planning will use the funding to study locations listed for ART/BRT Fast Track (one grant totaling \$1M)
 - Transit Enhancement Projects: Repurposing \$400K of grant funds for MARTA's new Art Program
 - Atlantic Station: Closed out the grant
 - Clean Fuels Project: Closed out the grant

MARTA's Current/Future Initiatives

- Operations/Bus
 - Electric Bus
 - Electrification of Routes
 - New CNG/Bus Procurement
- Arts/Non-Traditional
 - Arts in Transit
 - Station Development

- Murals
- Technology/ Security
 - AVIS
 - CCTV
 - Full Scale Exercises
- Capital/Safety
 - Station Renovation (Infill)
 - Traction Power
 - Signage

New Grant Strategy Steps

1. Define goals and gather data
2. Form expectations: Reconcile goals and data
3. Create budget
4. Monitor outcomes: Analyze variances
5. Adjust budget, expectations, or goals

New Grant Strategy – Visibility, Sustainability, and Fundability

- Strategically repurpose funding and seek more flex funding pass through agreements with the Federal Highway Administration
- Benchmark an average of \$30M-\$80M annually in discretionary funds from USDOT, FEMA-DHS, DOJ and Department of Energy
- Provide the FTA/Federal entities with advance notice of our plans and presentations about our project proposals/plans
- Increase engagement of Elected Officials and Congressional Staff beyond the State of MARTA event
- Build a Grants Regional Consortium with City of Atlanta, GDOT, SRTA and Stakeholder counties
- Increase coordination and preparation of project proposals and plans prior to meetings with members of Congress

Dr. Edmond asked if MARTA consistently has outstanding projects does it affect the ability to receive funds.

Ms. Akujuo said Dr. Edmond raised a good point, which is why timely project completion is actively part of the new Grants Strategy.

Dr. Edmond asked regarding open grants, how does MARTA compare with other agencies.

Ms. Akujuo said in comparison, MARTA is doing well.

Mr. Griffin asked about the Caltrans funding incident where Caltrans money was being held by the FTA.

Ms. Akujuo said this is an isolated case. There is an uncertainty right now due to the current administration.

Mr. Daniels said the Board will recall from the retreat how vital formula funds are. He asked when buses breakdown if MARTA has to put more money down.

Mr. Durrett asked how is MARTA perceived if the Authority repurposes funds.

Ms. Akujuo said it is generally seen as a good practice.

Dr. Edmond noted that senators are very engaged with the community right now. He said Georgia has a former governor that is in the administration – MARTA may find it beneficial to reach out to him.

Ms. Akujuo said AMRTA needs to increase its engagement with elected officials and congressional staff. She stated that it would also be beneficial to build a Grants Regional Consortium with the City of Atlanta, GDOT, SRTA, and stakeholders.

Briefing – FY2017 Capital Reporting

Mr. Hutchinson briefed the Committee on MARTA's FY2017 Capital Reporting for six months thru December 31, 2016.

Capital Performance Summary

- Total Sources of Funds
 - Actual: \$112.4M

Business Management Committee
2/23/17
Page 6

- Budget: \$125.9M
- Variance: \$-13.5M, or -10.7%
- Total Uses
 - Actual: \$138.8M
 - Budget: \$175.4M
 - Variance: \$36.6M, or 20.9%
- Under (Over)
 - Actual: \$-26.4M
 - Budget: \$-49.5M
 - Variance: \$23.1M, or -46.7%

*Budget and Actual do not reflect \$123MM carryover from prior year

Capital Sources and Uses of Funds by Category

- Sources of Funds
 - Sales Tax
 - Actual: \$96.6M
 - Budget: \$104.2M
 - Variance: \$-7.6M, or -7.3%
 - Federal Funds
 - Actual: \$15.5M
 - Budget: \$21.0M
 - Variance: \$-5.5M, or -26.2%
 - Other Revenue
 - Actual: \$0.3M
 - Budget: \$0.7M
 - Variance: \$-0.4M, or -57.1%
 - Debt Issue
 - Actual: \$0.0
 - Budget: \$0.0

- Variance: \$0.0, or 0.0%
- Total Sources of Funds
 - Actual: \$112.4M
 - Budget: \$125.9M
 - Variance: \$-13.5M, or -10.7%
- Uses
 - Vehicles
 - Actual: \$9.8M
 - Budget: \$8.0M
 - Variance: \$-1.8M, or -22.5%
 - Facilities & Stations
 - Actual: \$10.8M
 - Budget: \$13.1M
 - Variance: \$2.3M, or 17.6%
 - Maintenance of Way
 - Actual: \$1.9M
 - Budget: \$5.4M
 - Variance: \$3.5M, or 64.8%
 - Systems
 - Actual: \$39.6M
 - Budget: \$61.4M
 - Variance: \$21.8M, or 35.5%
 - Non-Assets
 - Actual: \$11.6M
 - Budget: \$14.3M
 - Variance: \$2.7M, or 18.9%
 - Subtotal CIP
 - Actual: \$73.7M

Business Management Committee
2/23/17
Page 8

- Budget: \$102.2M
- Variance: \$28.5M, or 27.9%
- Debt Service
 - Actual: \$65.1M
 - Budget: \$73.2M
 - Variance: \$8.1M, or 11.1%
- Total Uses
 - Actual: \$138.8M
 - Budget: \$175.4M
 - Variance: \$36.6M, or 20.9%
- Under/Over
 - Actual: \$-26.4
 - Budget: \$-49.5
 - Variance: \$23.1, or -46.7%

FY17 Uses of Funds by Asset Category (\$ in Millions)

- Facilities: \$10.8, or 15%
- Maintenance of Way: \$1.9, or 3%
- Non-Asset: \$11.6, or 16%
- Systems: \$39.6, or 54%
- Vehicles: \$9.8, or 13%

FY17 Top 10 Expenditures of CIP

- Train Control Systems Upgrade: 11.8%
- Fire Protection Systems Upgrade: 9.1%
- Rehab Tunnel Ventilation Fans: 7.1%
- Facilities Upgrade Program: 5.6%
- MARTA Reliab Ctr Lfcy Enh Prog: 5.0%
- Brady Mobility Facility Phase I: 3.3%

- Research & Analysis Planning: 2.7%
- LCARE CQ312 84-Month Cycle: 2.6%
- Canine Team Program: 2.4%
- Tunnel Lighting: 2.0%
- Total: 51.6%

FY17 Top 10 Underspent (\$ in millions)

- Rehab Tunnel Ventilation Fans
 - Actual: \$5.2
 - Budget: \$9.8
 - Variance: \$4.6, or 46.8%
- Escalators Rehabilitation
 - Actual: \$0.1
 - Budget: \$3.1
 - Variance: \$3.0, or 95.5%
- Audio Visual Information Sys
 - Actual: \$0.4
 - Budget: \$2.9
 - Variance: \$2.6, or 87.2%
- Future Radio Infrastructure
 - Actual: \$0.1M
 - Budget: \$2.7M
 - Variance: \$2.5M, or 95.6%
- UPS: Lakewood; Dunwoody; Medical Center
 - Actual: \$0.7M
 - Budget: \$2.6M
 - Variance: \$2.0M, or 74.2%
- Mobile Fare Payment
 - Actual: \$0.1M

Business Management Committee
2/23/17
Page 10

- Budget: \$1.6M
 - Variance: \$1.5M, or 92.2%
- Track Renovation-Phase IV
 - Actual: \$0.7M
 - Budget: \$2.0M
 - Variance: \$1.3M, or 66.8%
- Repl. Impenance Bonds Ph2
 - Actual: \$0.0
 - Budget: \$1.2M
 - Variance: \$1.2M, or 97.0%
- Wayside Worker Sfy Equip Pilot
 - Actual: \$0.3M
 - Budget: \$1.5M
 - Variance: \$1.2M, or 80%
- Elevator Rehabilitation
 - Actual: \$0.1M
 - Budget: \$1.3M
 - Variance: \$1.2M, or 90.6%
- Total
 - Actual: \$7.7M
 - Budget: \$28.7M
 - Variance: \$21M, or 73.1%

FY17 CIP Expenditure Trend Analysis

- Cumulative Actual to Date: \$73.7M
- Budget Total: \$255.8M

Mr. Daniels asked when does the clock start on these projects.

Mr. Parker said the moment they hit the CIP.

Mr. Daniels said the Board needs to be clear on how funds are executed.

Mr. Springstead said MARTA is tracking within 85% of forecast. He also said staff will provide a State of Good Repair presentation in the coming months.

Dr. Edmond asked how much of the \$73.7M is soft costs.

Mr. Springstead said approximately 30%. He added that MARTA is downsizing consultants 10-15% each year, so the Authority will see a fairly significant decrease in costs.

Dr. Edmond requested a future update on contractors.

Mr. Griffin requested that the Board receive “a heads up” when a project is underway.

Briefing – FY2017 December Budget Variance Analysis and Performance Indicators

Mr. Hutchinson briefed the Committee on FY2017 December Budget Variance Analysis and Performance Indicators.

- MARTA was slightly under on Revenues and Expenditures
- Sales Tax improved but was still under budget
- Ad Valorem Tax remains strong
- Overtimes continues to run slightly high
- Overall, the upcoming month (January) is much stronger
- The Authority is using approximately 45% of Sales Tax to fund operations
- Ridership is off from prior year and projection
- Bus Mean Distance between Failure is lower than prior year
- For the first time in many years, Mobility On-Time Performance (OTP) exceeded 90%

Mr. Daniels expressed concern about the underperformance of the new buses.

Mr. Krisak said it has to do with defects. MARTA is putting together an action plan to address the issue.

Briefing – Parking Systems Automation

Mr. Thomas briefed the Committee on MARTA's Parking Systems Automation.

Recent Paid Parking History

- Prior to September 2013, MARTA's annualized parking revenue had declined over several years by \$0.7M to \$2.1M
- New Parking Services Management implemented financial controls to increase parking revenue in two years from \$2.1M to \$3M
- Automated Parking Access and Revenue Control was included in MARTA's Transformation Initiative (MTI) in 2013

MARTA Sourcing Initiative

- MARTA released a Request for Proposals (RFP) for paid parking to increase revenue through automation of MARTA's paid parking services, replace worn/outdated equipment and reduce operational expenses
- MARTA received six (6) proposals from parking services vendors in response to the RFP
- The three finalists presented to the Technical Evaluation Team (TET) and Source Evaluation Committee (SEC)
- The SEC received a Best and Final Offer from each of the three finalists which were major national parking firms
- The three finalists provided:
 - Key assumptions for the ten-year life of the contract and projected annual revenue
 - These assumptions were used by the providers to support the guaranteed revenue percentage that each finalist offered to MARTA

Conclusion

- The expenses and projected revenue provided by the finalists were compared with MARTA's actual revenue over the past few years and compared with future projections
- The vendors' projected revenue growth was deemed to be overly optimistic and not reasonably attainable

- MARTA Transformation Initiative/Executive Steering Committee recommendations:
 - Do not award to any proponent and continue to insource parking services
 - Replace the outdated parking equipment at all 11 long-term paid parking locations with turn key automated parking solutions

Next Steps

- Prepare a RFP for the turn key equipment acquisition and installation
- Recruit and train a smaller more highly skilled workforce to operate automated parking

Other Matters

The FY2017 December Key Performance Indicators were provided to the Committee as informational only.

Adjournment

The meeting of the Business Management Committee adjourned at 11:23 a.m.