

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

May 26, 2016

The Board of Directors Business Management Committee met on May 26, 2016 at 11:08 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Frederick L. Daniels, Jr., *Chair*
Jim Durrett
Roderick E. Edmond
Jerry Griffin
Freda B. Hardage

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Chief Operating Officer Rich A. Krisak; Chief Financial Officer Gordon L. Hutchinson; Chief of Staff Rukiya S. Thomas; Chief Counsel Elizabeth O'Neill; AGMs James Biscoe (Acting), Wanda Dunham, Ming Hsi, Benjamin Limmer, Ryland McClendon and David Springstead (Interim); Executive Director Ferdinand Risco; Sr. Directors Rhonda Briggins, Joseph Erves, Kevin Hurley, Walter Jones and Amanda Rhein; Directors Onyinye Akujuo and Jonathan Hunt; Managers Alisa Jackson and Antoine Smith; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid. Others in attendance Davis Allen, Frederick Askew, Abebe Girmay and Charlotte Shaw.

Also in attendance was Jim Schmidt of HNTB.

Consent Agenda

- a) Approval of the April 27, 2016 Business Management Committee Meeting Minutes
- b) Resolution for Permission to Solicit for Energy, Utility & Fuel Consulting Services RFP P37802
- c) Resolution Authorizing a Modification to the Procurement of Authority Wide Uniforms Contract,

- d) Resolution to Amend the Easement Agreement between MARTA and S. Steven Selig III and Cathy Selig Fine for certain property at MARTA's Five Points Rail Station 17 (July 1, 2016 – June 30, 2017)
- e) Resolution Authorizing the Rejection of all Bids for the Procurement of Wireless Telecommunication Services, Invitation for Bids B36630
- f) Resolution Authorizing the Solicitation of Proposals for Cellular Telecommunication Services RFP P38056

On motion by Mr. Durrett seconded by Mrs. Hardage, the Consent Agenda was unanimously approved by a vote of 5 to 0, with 5 members present.

Individual Agenda

Resolution Authorizing the Receipt of Federal Transit Administration FY 2016 Formula Grant Assistance

Ms. Akujuo presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute grants on behalf of MARTA for the receipt of Federal Fiscal Year 2016 Formula Program grants from the Federal Transit Administration (FTA). This federal assistance would be provided from the following FTA formula grant programs: (i) Section 5307 Urbanized Area Formula, (ii) Section 5337 State of Good Repair, and (iii) Section 5339 Bus and Bus Facilities. This resolution would also authorize the General Manager/CEO or his delegate to provide FTA with the standard Federal grant program certifications and assurances on behalf of MARTA required as a condition of receiving these funds.

MARTA FTA FY 2016 Formula Grants

- Section 5307 Urbanized Area Formula - \$42M
 - Preventative Maintenance
 - Transit Security Projects
 - Associated Transit Improvements/Enhancements
- Section 5337 State of Good Repair - \$46M
 - Train Control System Upgrades (TCSU) and Track Renovation Phase IV

- Preventative Maintenance
- Section 5339 Bus and Bus Facilities - \$2.9M
 - Acquisition of Clean Fuel Replacement Buses
- Total - \$90.9M

Dr. Edmond asked how does this compare to what MARTA received last year.

Mr. Hutchinson said staff would provide that information to the Board.

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

Briefing – Public Hearing Results

Ms. Briggins briefed the Committee on the Public Hearing Results for the FY 2017 Proposed Budget and August 2016 Service Changes.

Public Hearing Locations

- Monday, May 16, 2016
 - Fulton County Government Center
Barbara Babbit Kaufman, Chair
141 Pryor Street
Atlanta, GA 30303
 - Clayton County Government Office Board Room
Jerry Griffin, Chairman
112 Smith Street
Jonesboro, GA 30236
- Thursday, May 19, 2016
 - Maloof Auditorium
Robert Dallas, Chairman
1300 Commerce Drive
Decatur, GA 30030

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Advertisement

- AJC
- ACE III/Champion
- Clayton Daily News
- Crossroads & South DeKalb County Neighbor Newspapers
- Mundo Hispanico
- Social Media (Facebook, Twitter, website)

Electronic Notice Distribution

- Distributed to all 26 Neighborhood Planning Units (NPU) within the City of Atlanta
- Senior Centers (63)
- Email Blast to Outreach Database

Flyer Distribution - LEP Communities

- Chinese Community Center
- Dinho Super Market
- Vietnamese Market Buford Highway
- Hong Kong Market - Jimmy Carter Blvd.
- Super H-Mart - Doraville/Peachtree Industrial & 1-285
- 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

Public Hearing Attendance

- Fulton County Government Center

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- Attendance – 6
- Speakers – 2
- Media – 0
- Clayton County Government Center
 - Attendance – 14
 - Speakers – 3
 - Media – 0
- DeKalb County Maloof Auditorium
 - Attendance – 16
 - Speakers – 4
 - Media – 0

Additional Public Hearing Comments

- Public Comment Line (Voice Mail) – 0
- Emails – 0
- Petitions – 0
- Letters – 0
- Public Comments (written) – 0
- MARTA Website: 2,244 Views
- Social Media (Facebook, Instagram and Twitter) – approximately 5,000 views

Comments During Public Hearing

- Route 191 better access for Airport workers, extend hours of operations
- Five Points needs audio announcements for the blind
- Mobility buses should be more comfortable for the riders
- Open more bathrooms
- Extend hours of operation for the Route 193
- Has crime increased since service began in Clayton?

Mr. Daniels asked what is LEP.

Mr. Risco said Limited English Proficiency.

Dr. Edmond asked where is Route 191.

Ms. Briggins said in Clayton County.

Mr. Parker said over one year ago Mr. Daniels and Dr. Edmond asked staff to make efforts to increase Public Hearing attendance. He applauded the External Relations team for getting the meeting to the people.

Mr. Daniels commended staff for using the internet and social media to inform the public. He said MARTA may need to look at legislation for flexibility in the Public Hearing format.

Dr. Edmond said in the future he would like to see social media comments.

Ms. Briggins said duly noted.

Mr. Griffin said constituents are advised to provide comments. He asked what happens after they do so.

Ms. Briggins said the Planning Department takes all feedback into consideration and updates are provided to the public.

Mr. Parker said direct contact information is helpful, so MARTA can provide individuals with feedback.

Resolution to Adopt the Fiscal Year 2017 Operating and Capital Funds Budgets

Mr. Hutchinson presented this resolution for Board of Directors' approval authorizing the adoption the Fiscal Year 2017 Operating and Capital Funds Budgets. This resolution also allows for the utilization of prior year carry-over to subsidize operating and capital costs.

The Budget Summary for Fiscal Year 2017 reflects gross operating expenditures of \$518,109,777; of this amount, \$453,288,596 is required for net Transit Operations for the cost of providing bus, rail, and paratransit services, including Clayton County service. The remaining \$64,821,181 is reimbursement of expenses related to the Capital Improvement Program (CIP). The allocation is based on direct costs and our cost allocation plan prepared in accordance with FTA guidelines.

The capital funds budget for Fiscal Year 2017 reflects total capital expenditures of \$402,464,007 for capital cash disbursement; of which \$146,650,000 is for principal and interest on outstanding debt and debt issues in Fiscal Year 2017. The remaining \$255,814,007 represents the CIP.

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

Briefing – FY2016 March Budget Variance Analysis and Performance Indicators

The Committee was briefed on the FY2016 March Budget Variance Analysis and Performance Indicators.

- For the month of March, Expenditures exceeded Revenues resulting in a loss of \$.3M, \$.5M less than budget
- Revenues were \$.7M the budget and Expenditures were \$.2M under budget
- For the month of April, MARTA is back “in the black” with a surplus of over \$4M
- On an aggregate basis for tax receipts, MARTA is \$.5M positive; although sales tax continues to lag, Ad Valorem is doing very well
- Passenger Revenue continues to lag – the month of March saw a fairly significant lag
- Salaries and Overtime on a combined basis is positive \$.7M, but MARTA continues to run high levels of Overtime
- Other Non-Labor was – the primary reason MARTA had a significant deficiency of Revenues over Expenditures in the month – a loss provision true-up of approximately \$4.5M
- Year-to-Date (YTD), Revenues are right on budget and Expenditures are \$16.8M less than budget, resulting in a \$30.7M surplus of Revenues over Expenditures
- YTD Sales Tax aggregate is \$9.7M off the budget; primarily due to the lag in sales tax receipts
- Passenger Revenue YTD is also lagging by \$4.2M
- YTD combined Salaries and Overtime are positive overall positive on Benefits performance
- Sales Tax Subsidy is 38% required to fund operations
- March was the only month YTD with a deficit

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- Gross Labor expenses are consistently above prior year, which was expected due to new hires and wage and salary increase but is still staying under budget every month
- Combined Ridership for March was better than previous month but still short on projection; MARTA has had issues in Ridership since gas prices dropped approximately 15 months ago
- Average Call Wait Time has seen a dramatic improvement – it is slightly above prior year but well below target

Mr. Durrett said he would be interested in staff exploring what Farebox Recovery looks like over time to see what it might tell MARTA, so the Authority can act on it.

Mr. Hutchinson said staff has that information and will show it to the Board in two ways: the National Transit Database definition, which is solely at the farebox and the MARTA Act measure, which takes other passenger-related revenues into account. Staff will show the trend lines of those for the past couple of years. MARTA analyzes Farebox Recovery very closely every month.

Dr. Edmond said the Board continues to hear the negative data about Overtime. MARTA really needs to be diligent in its efforts to cut down the Overtime expenses that are negatively impacting the budget month after month.

Mr. Parker said MARTA has hired a group to assist in that effort. A comprehensive plan will be presented to the Board within the next two months. The Authority is also looking at a program that other non-profits have seen success with – staff will bring that information to the Board. He added that Ridership trends are ominous due to a few things. First, the gas prices have a huge impact. Secondly, 2015 was the biggest year of car sales ever. Lots of people purchased new vehicles, including large SUVs based on the drop in gas prices. Trying to get those people back on transit may be more of a challenge than it has been in prior periods of low gas prices. Thirdly, the passenger vehicle-for-hire groups are making major dents in some cities. For instance, San Francisco is up to approximately 24K Uber drivers and New York has reported that their transit Ridership has been significantly hit by shared ride services. MARTA does know what their impact has been in Metro Atlanta so far. MARTA will continue to stay on top of it and look for different incentive programs to bring to the Board soon, including one that will call for a reduction in the price of monthly passes. MARTA saw a spike in usage when this was done over the winter holiday period.

Mr. Parker also reported that MARTA presented its FY 2017 Proposed Budget to the Atlanta City Council and it was very well received. They were pleased with the technology projects that MARTA is moving forward on – it was very positive interaction.

On motion by Mr. Durrett seconded by Mrs. Hardage, the Committee unanimously agreed to go into Executive Session at 11:39 a.m. to discuss a real estate matter.

On motion by Mr. Griffin seconded Dr. Edmond, the Committee unanimously agreed to adjourn the Executive Session at 11:55 a.m.

Resolution Authorizing Termination of the Ground Lease Agreement between Perimeter Mall, LLC, HRE Perimeter Inc. and Metropolitan Atlanta Rapid Transit Authority

Ms. Rhein presented this resolution for Board of Directors' approval authorizes the General Manager/CEO, or his delegate to execute the necessary agreements with Perimeter Mall, LLC to terminate the Ground Lease Agreement for Dunwoody Deck II in exchange for \$1.5M termination payment.

On motion by Mr. Daniels seconded by Mr. Durrett, the resolution was moved forward without recommendation by a vote of 5 to 0, with 5 members present.

Other Matters

The Committee was provided the FY16 March Key Performance Indicators as informational only.

Mr. Parker commended Mr. Hutchinson for being one of the top four finalists for the Atlanta Business Chronicle's CFO of the Year Award.

Adjournment

The meeting of the Business Management Committee adjourned at 11:56 a.m.