

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

October 21, 2013

The Board of Directors Business Management Committee met on October 21, 2013 at 10:39 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, *Chair*

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; AGMs Deborah Dawson, Wanda Dunham, Shyam Dunna (Interim), Rod Hembree (Acting), Jonnie Keith (Acting), Cheryl King; Ryland McClendon and Elizabeth O'Neill; Sr. Director Kevin Hurley; Managers Antoine Smith and Beverly Williams; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid. Others in attendance Frederick Askew, Abebe Girmay, Cassandra Harriman, Don Lawrence and Srinath Remala.

Also in attendance Pam Alexander of LTK Engineering; Matt Pollack of MATC.

Consent Agenda

- a) Approval of the September 23, 2013 Business Management Committee Meeting Minutes
- b) Resolution Authorizing the Solicitation of Proposals for the Procurement of Bond Counsel Services, RFP P31150

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

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Individual Agenda

Briefing – August Year-to-Date FY 2014 Budget Variance Analysis

Mr. Hutchinson briefed the Committee on the August Year-to-Date (YTD) FY 2014 Budget Variance Analysis.

Overview – August 2013

- During the month of August, total net revenues were \$2.2M or 6.7% greater than budget (favorable) due to a favorable variance of \$2.5M in Title Ad Valorem Tax
- Also during the month, total net expenses were \$4.5M or 12.2% less than budget (favorable) due primarily to:
 - 1) a favorable variance of \$1.5M or 8.0% in Salaries & Wages due to vacancies
 - 2) a favorable variance of \$1.4M or 12.5% in Benefits primarily attributed to workers compensation losses, vacancies and pensions being less than planned
 - 3) a favorable variance of \$1.2M or 26.3% in Capital Charges due to more capital employees being hired as well as more full time employees charging to capital

Year-to-Date Operating Revenues

- On an August year-to-date-basis, actual Revenues were favorable by \$1.2M or 1.8%
- Of this amount, Title Ad Valorem Tax was favorable by \$2.5M; this favorable variance was offset by Sales Tax Revenue of \$1.2M or 4.2% due to under-performing relative to plan on an August YTD basis as forecasted by the Georgia State Economic Forecasting Center

Year-to-Date Budget vs. Actual Expense Performance

- On an August year-to-date basis, net operating budget expenses were under budget (favorable) by \$10.1M or 14.0% primarily due to the combined effects of the following:

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- Salaries & Wages were favorable by \$3.6M or 9.8% on an August year-to-date basis – this positive variance was primarily due to net vacancies in a variety of positions throughout the agency
- Overtime Expenses were \$0.8M or 19.7% over budget which is an offsetting impact of the vacancies
- Benefits were under budget by \$3.2M or 14.7% primarily due to vacancies as well as workers comp losses and pensions being less than planned
- Contractual Services were \$1.7M or 30.7% under budget due to favorable variances in the non-IBM license fee, management consultants and maintenance service-fare collection equipment accounts due to timing differences
- CNG Fuel was right on target; however, though fewer miles and dekatherms were consumed the savings was offset by the higher unit cost
- Diesel Fuel was \$0.2M or 9.6% under budget due to running fewer miles than planned
- Other Materials & Supplies were favorable by \$0.2M or 4.6% due primarily to Breeze card inventory not being expensed as scheduled due to a timing difference
- Other Non-Labor charges were \$1.1M or 18.9% under budget due primarily to a timing difference in anticipated payouts associated with injury claims and telephone charges
- Capital charges were favorable at \$0.9M or 9.4% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of \$5.9M requires a sales tax subsidy of 39.2% which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 58.2%

August FY 2014 Performance

- Operating Revenue and Expenses are off to a good start for the Fiscal Year
- August Combined Ridership was stronger than July and better than planned

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- Bus On-Time Performance (OTP) was encouraging in July but saw slippage in August - this will require continued focus
- Bus Mean Distance Between Failure – management has issued a program to address maintenance; new buses will soon replace the aged fleet
- Safety & Security targets were not met for the month

Mr. Buckley asked about the contributing factors to the Crime Rate. He said the Authority was very close to target in July.

Mr. Hutchinson said MARTA's "See & Say" app may have increased the rate due to the reporting of minor incidents that may have gone unreported in the past.

Mr. Durrett said he has received feedback from patrons that they perceive things safer on MARTA with the increased police visibility and the "See & Say" app.

Mr. Buckley said he would like to hear more about Mobility On-Time Performance at the next Committee meeting.

Mr. Hutchinson said the General Manager has implemented monthly performance reviews to address underperforming KPIs – this cannot be tackled by one department.

Mr. Daniels said it is good to hear that it is a team effort.

Technology Update

Mr. Dunna briefed the Committee on the transformation underway in the Technology Department.

Objectives

- Assess where we are and where we need to be related to Technology
- Align Technology resources to business needs
- Improve
 - On-going operations and delivery to internal customer and to the riding public

- MARTA's financial viability by reducing Technology capital and operating costs where feasible
- Innovations

Assessment of Technology

- Financials
 - Very heavy reliance on external contractors
 - Increased spending on Technology
 - Equipment, software and maintenance agreements not deployed
- Daily Operations
 - Regular IT failures
 - No data backup or End-of-Year processing in years
 - Lack of proper test environments
 - Standard Operating Procedures (SOPs) need to be developed
 - No IT performance benchmarking
- Employees
 - Current IT organization is structured inefficiently
 - Low morale with Technology staff

Solutions Approach

- Financials
 - Size technology spending with project prioritization
 - Deploy or dispose what has been purchased already
- Daily Operations
 - Stabilize technology infrastructure and systems to reduce and prevent regular failures
 - Implement a comprehensive backup strategy for Authority's data
 - Implement test environments for major systems
 - Develop SOPs and Service Level Agreements (SLAs) for improved and timely delivery of technology services

- Define IT performance management in governance charter
- Employee
 - Develop core competencies in-house
 - Re-align IT organization and recruit needed skill-set
 - Improve morale by including FTE staff in the delivery process
 - Provide competitive salaries to attract and retain qualified talent

Resource Alignment

- Build core competency in-house
 - Utilize FTE staff to manage projects and for day-to-day operations
 - Higher productivity and morale
 - Balanced mix of outsource and insource
- Reduce dependency on contractors
 - Reduced cost
 - Sustain technical knowledge, ownership and accountability
- IT salary structure review in process
 - Collaboration with HR, Budget and IT
 - Establish benchmarks to compare with market pay levels
 - Obtain the budget allocation and management approval
- Migration planning of GCPS contractors underway as appropriate
- Re-organization of IT department for cost savings and better service delivery
 - Average GCPS consultant annual cost: \$193K
 - Average FTE salary with benefits: \$110K

Technology Infrastructure Improvements

- Re-distributed storage and server configuration to stabilize and enhance performance of various systems in the authority, including:
 - Automated Fare Collection (AFC) systems
 - Email systems
 - Computer aided dispatch/vehicle locator systems

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- Maintenance and material management systems
- Financial and human resource systems
- Resulted in speeding up systems performance by 300%
- Stabilized fare gate malfunctions (*reduction by 70%*)
- Deployed zip code verification at Breeze Vending Machines (BVMs) to reduce fraud
- Stabilized Breeze system credit/debit card processing failures

Equipment Upgrades & Implementation

- Started to deploy previously purchased equipment in the resource center, Headquarters and Candler Park
 - Adding approximately \$2.8M of storage area network (SAN) equipment (since 2009) to CCTV system to increase capacity for On-board Vehicle Camera and Video Analytics projects
 - Utilizing approximately \$425K of server equipment (since 2008) to replace aging equipment and setting up test environment for better quality
 - Implementing 5 EMC SAN storage units (\$558K) with 84TB capacity in November 2013 to stabilize, increase performance and recoverability
 - Deploying approximately \$1M of Voice Over IP (VOIP) equipment (since 2011) between November 2013 and May 2014 to train control rooms at stations
 - Additional savings can be achieved by consolidating software and hardware via increasing utilization

Software Upgrades & Implementation

- Deploy various Trapeze software modules for customer self-service trip planning and real time information via web and smartphones and regular phones by December 2013
- Deployed Oracle manager self-service in July*
- Deploy Oracle employee self-service in November*
- * *Part of KPMG Audit recommendations*

Improved Maintenance Agreements

- Cancelled or restructured unnecessary maintenance agreements
 - Saved approximately \$300K
- Continue due-diligence and fact finding on remaining maintenance agreements totaling \$11M

Reduced Capital and Operating Costs

- Prioritized and Re-scoped various projects for better efficiency
 - Smartcard reader upgrade project (saving \$8.1M)
 - Data center replacement project (saving \$520K)
 - Various SharePoint initiatives both capital and operating (saving approximately \$1.5M)
 - Real-time rail information system developed in-house (saving approximately \$600K)
- Reduced additional expenditure with high-level adjustment on project components
 - Customer service software upgrade (saving approximately \$1M in FY14 and FY15)
 - Various project purchases (saving approximately \$900K)
- Better labor cost management
 - Reduce dependencies on contracted services by 93 GCPS contractors
 - Reduced overhead by saving approximately \$1.3 Million on GCPS work orders to be redeployed for future services

Improved MARTA's Transit App

- Search Nearby Stops utilizing Riders' GPS location
- Real-time Bus Arrival Information
 - Using real-time bus AVL system data
 - Show next bus arrival time at a selected stop for each route

- If patron chooses a route, the app will show real-time bus locations on the map, direction of traveling and on-time status
- Deployed on iPhone, Android version underway
- Use Real-time Train Arrival Data from Train Control same as Sign Post
- Display the next train arrival time at the rail station for each line
- Start testing mid-September
- Plan to launch late October

Other Innovations in Process

- Zip code and address verification on Breezecard.com to reduce fraudulent charges
- Mobile Payment Apps for Fare Collection
- New board voting and document management system

Upgrade Electronic Signage at Stations

- Signpost signs:
 - 152 LED/LCD signs deployed at stations
 - Approx. 50% working
- AVIS project will start installation June 2014
- Interim Technology solution & entrance signs

Mr. Daniels asked about the timeline for implementation of previously purchased equipment.

Mr. Dunna said implementation is currently underway and is likely to be complete within six months; however VOIP will take a bit longer.

Other Matters

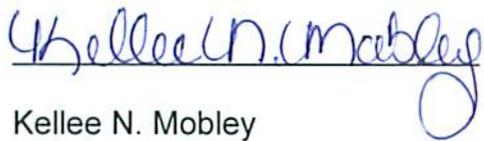
The Committee received the August FY 2014 Key Performance Indicators as informational only.

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Adjournment

The meeting of the Business Management Committee adjourned at 11:39 a.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board