

## MINUTES

### MEETING OF THE BOARD OF DIRECTORS

#### BUSINESS MANAGEMENT COMMITTEE

#### METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

November 18, 2013

The Board of Directors Business Management Committee met on November 18, 2013 at 10:46 a.m. in the Board Room on the 6<sup>th</sup> Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

#### Board Members Present

Harold Buckley, Sr.  
Jim Durrett, *Chair*  
Noni Ellison-Southall  
Jannine Miller\*

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 Cynthia Moss Beasley (Acting); AGMs Wanda Dunham, Shyam Dunna (Interim), Rod Hembree (Acting), Jonnie Keith (Acting), Cheryl King; Ryland McClendon, Elizabeth O'Neill, Terry Thompson and Phyllis Walker (Acting); Executive Director Ferdinand Risco; Senior Directors Kevin Hurley, David Springstead and Donald Williams; Directors Ming Hsi, Donna Jennings and Cynthia McCall; Managers James Sibert, James Watkins 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 Davis Allen, Farouk Baksh, Roderick Boyer, Warren Bridges, Arnold Campbell, Inna Gindina, Abebe Girmay, Victor Hernandez, Shawana Jennings, Catrina Jones, Larry Joyner, LeAnn Keepler, Don Lawrence, Carlos Ortega, Anthony Pines, Srinath Remala, Raymond Robinson, Venkata Sudheer, Aubry Webb and David Zhong.

Also in attendance Matt Berry, Dave Dennis and David Roberts of KPMG; Pam Alexander of LTK Engineering; Matt Pollack of MATC.

#### Consent Agenda

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Mr. Durrett requested a motion to approve the following items on the Consent Agenda:

\*Jannine Miller is Executive Director of the Georgia Regional Transportation Authority (GRTA) and is therefore a non-voting member of the MARTA Board of Directors.

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- a. Approval of the October 21, 2013 Business Management Committee Meeting Minutes
- b. Resolution Authorizing Award of a Contract for Vending Services for the MARTA Headquarters Building and Satellite Facilities – RFP29044
- c. Resolution Authorizing Solicitation of Proposals to Procure a Software Solution for a Risk Management Information System (RMIS), Including Licensing and Maintenance Agreements, RFP 30681
- d. Resolution Authorizing the Solicitation of Proposals for the Procurement of MARTA's Employee Assistance Program (EAP) Provider RFP P31746

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

**Individual Agenda**

**Resolution Amending the MARTA Non-Represented Pension Plan**

Mrs. O'Neill presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to amend the Non-Represented Pension Plan so as to clarify the definition of compensation to ensure that the lump sum payment to employees in December 2013 is excluded as compensation for pension purposes (Section 1.10), to close the Plan to newly hired Transit Police at a date certain during calendar year 2014, such date to be determined by the General Manager (Section 2.01) and to authorize various other administrative changes as approved by the Management Pension Committee.

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

**Resolution Authorizing the Replacement of MARTA's Excess Operating Property and Liability Insurance Program for 2014**

Mrs. Jennings presented this resolution for Board of Directors' approval authorizing the authorizing the General Manager/CEO or his delegate to effect

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placement of MARTA's excess operating property and liability insurance coverage for a period of one year effective January 1, 2014 to January 1, 2015 based on the proposals received by MARTA's insurance broker of record, MARSH USA, for a total program cost not to exceed \$ 3,336,750.

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

**Resolution Authorizing the Solicitation of Proposals for MARTA to Compete Human Resources and Payroll Functions, Request for Proposals Number P31773**

Mr. Allen presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to solicit proposals for comprehensive Human Resources (HR) and Payroll optimization for the Departments of Human Resources and Finance.

*Comprehensive HR/Payroll Optimization Initiative*

- Initiative Objective: Explore optimization of HR & Payroll functions to improve performance and reduce costs
- In-scope processes include:
  - Time and attendance
  - Payroll processing
  - Benefits administration
  - Recruiting and staffing
  - Employee records and data management
- Initiative Accomplishments To Date
  - Verified baseline costs
  - Identified potential internal efficiencies
  - Documented in-scope processes
  - Conducted market assessment and hosted vendor showcase
  - Executive Steering Committee approved Board request for RFP Development

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- RFP will request both comprehensive pricing and per-function pricing to enable MARTA to potentially source HR/Payroll activities holistically or as individual functions
- **Factors to Consider**
  - **Retained Functions/Processes**
    - Retain control and knowledge
    - Reduce risk
  - **Sourced Functions/Processes**
    - Improve capability
    - Work rule flexibility
    - Increase innovation
    - Enhance agility
    - Focus on core business
    - Reduce costs
  - Factors will be thoroughly evaluated and considered after receiving detailed solutions from vendors through the RFP process
- **Potential Optimization Benefits**
  - Reduce costs, improve efficiency and improve quality of internal employee customer service
  - Allow MARTA to better focus on core operational functions
  - Enable HR and Finance staff to shift their focus from performing administrative and transactional work activities to efforts around the human capital strategic transformation effort
- **Potential Optimization Risks**
  - May cause reduction in internal HR and Payroll competencies should MARTA decide to bring functions in-house at a later date
  - Reduce MARTA's control over required business support functions

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- Recommended Next Step
  - Develop and Issue RFP (eventual decision to source is contingent on resulting proposals)
  - Developing and Releasing the RFP will enable MARTA to:
    - Identify multiple solutions
    - Determine real time MARTA-specific market costs to compare with current internal costs
    - Evaluate multiple solutions and associated benefits and risks
    - Develop detailed business case comparing quantitative/qualitative benefits and risks
    - Demonstrate due diligence to all stakeholders, internal and external

Mr. Durrett asked about the timeline.

Mr. Allen said if approved the RFP will be released in the January-February 2014 timeframe – it will be out for 6-8 weeks. Staff will bring it back before the Board for final approval.

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

**Resolution Authorizing the Execution and Delivery of Documents Relating to the Termination of Existing Interest Rate Swap Agreements and Authorizing the Officers of the Authority to Execute Agreements Deemed Necessary or Advisable to Terminate the Agreements**

Mrs. Beasley presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute the termination of the basis swaps in whole or in part, as market conditions arise to terminate at or below the current \$15 million Swap Reserve balance.

Mr. Durrett said this is a very prudent action.

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

**Briefing – September Year-to-Date FY 2014 Budget Variance Analysis and Performance Indicators**

Mrs. Beasley briefed the Committee on the September Year-to-Date (YTD) FY 2014 Budget Variance Analysis and Performance Indicators.

*Overview – September 2013*

- During the month of September, total net revenues were \$3.3M or 10.1% greater than budget (favorable) due to a favorable variance of \$2M in Title Ad Valorem Tax and a favorable variance of \$1.2M in Passenger Revenue due to ridership being 6.7% higher than projections
- Also during the month total net expenses were \$1.8M, or 5.1%, less than budget (favorable) primarily due to:
  - 1) A favorable variance of \$1.4M or 13.6%, in Benefits primarily attributed to pensions being less than planned and vacancies
  - 2) A favorable variance of \$0.7M or 3.8% in Salaries due to vacancies
  - 3) A favorable variance of \$0.6M or 25.3% in Contractual Services due to favorable variances in the management consultants and software maintenance application accounts due to timing differences
  - 4) This was offset by an unfavorable variance of \$1.1 M or 25.2% in Capital Charges due to less time being charged to capital as scheduled

*Year-to-Date Operating Revenues*

- On a September year-to-date-basis, actual Revenues were favorable by \$4.5M or 4.6%
- Of this amount, Title Ad Valorem Tax was favorable by \$4.5M and Passenger Revenue was favorable by \$1.1 M or 3.1% due to ridership being 2.5% higher than projections
- This favorable variance was offset by Sales Tax Revenue of \$1.1 M or 2.6% due to under-performing relative to plan on an September YTD basis as forecasted by the Georgia State Economic Forecasting Center

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### *Year-to-Date Budget vs. Actual Expense Performance*

- On a September year-to-date basis, net operating budget expenses were under budget (favorable) by \$11.8M or 11.1% primarily due to the combined effects of the following:
  - Salaries & Wages were favorable by \$4.2M or 7.8% on a September year-to-date basis
  - Overtime Expenses were \$1.3M or 25.2% over budget which is an offsetting impact of the vacancies
  - Benefits were under budget by \$4.6M or 14.3% primarily due to pensions being less than planned and vacancies
  - Contractual Services were \$2.3M or 29.0% under budget (favorable)
  - 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 \$0.3M or 9.3% under budget due to running fewer miles than planned
  - Other Materials & Supplies were favorable by \$0.4M or 5.5% primarily due to Breeze Card inventory not being expensed as scheduled due to a timing difference
  - Other Non-Labor charges were \$1.6M or 19.2% under budget (favorable)
  - Capital charges were 1.9% under budget due to less time being charged to Capital as scheduled

### *FY14 1st Quarter vs. FY13 1st Quarter Actual Revenue Performance*

- On a 1st Quarter year-over-year basis, actual Revenues were favorable by \$2M or 2%
- This favorable variance was primarily attributable to Title Ad Valorem Tax, which was favorable by \$4.5M – which was offset by the unfavorable variances in Sales Tax Revenue and Federal Assistance Revenue of \$0.8M and \$1.9M, respectively

*FY14 1st Quarter vs. FY13 1st Quarter Actual Expense Performance*

- On a 1st Quarter year-over-year basis, net operating expenses were favorable by \$3.7M or 3.8%

*Sales Tax Subsidy*

- The Year-to-Date actual Net Operating Surplus of \$9.6M requires a sales tax subsidy of 38.6% which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 58.2%

*Performance Indicators Highlights*

- Small improvements in Bus On-Time Performance (OTP)
- Bus Mean Distance Between Failure (MDBF) is improving and on an upward trend since June – the Authority anticipates the trend to continue with the arrival of its new fleet
- Mobility OTP is down

**Briefing – Title VI Status – Service and Fare Policies**

Ms. King briefed the Committee on Title VI Status – Service and Fare Policies.

*Compliance with Title VI of the 1964 Civil Rights Act*

- MARTA receives FTA funding and follows the mandates of the Act
- The act prohibits discrimination in our programs or activities on the basis of race, color or national origin
- On October of 2012, FTA revised Circular 4702.1 B which requires submittal of a triennial Title VI Program update
- On March 28, 2013, MARTA submitted its 2013 Title VI Program update
- On May 24, 2013, FTA placed MARTA's Title VI Program in an "Extended Review" status
- The "Extended Review" period will expire on March 14, 2014
- Resubmittal of MARTA's report will reflect compliance with the revised circular

*Requirements of the New Circular*

- Transit Agencies must develop policies for:
  - Major Service Changes
  - Disparate Impact
  - Disproportionate Burden
- Also required:
  - Evidence of a public engagement process for setting these policies
  - Board meeting minutes and/or resolutions demonstrating policy approval

*FTA Review of MARTA's Submittal*

- FTA April 2013 review letter requested:
  - Procedures/Policies for evaluating Service and Fare changes
  - Assessment of the potential impact on Title VI communities
- Review with the public

*Overview of Service Change Policy*

- Based on adopted service standards
- Defines major service changes:
  - New bus route (initial service alignment and headways)
  - Addition or deletion of directional miles to route
  - Discontinuation of any non-demonstration bus service
  - Changes causing more than 25% reduction in provided daily trips
  - The extension of any rail line
  - Discontinuation of current rail services to any rail station
  - Discontinuation of any bus/rail services on any service days

*Overview of Disparate Impact Policy - Service*

- To be conducted when major service changes may result in adverse effects on minority populations

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- A Disparate Impact exists if:
  - There are differences between affected minority and non-minority census populations; calculations are set out in the policy
  - There are differences between affected minority and non-minority ridership; calculations are set out in the policy
  - Impacts will be addressed as a complete set of major service changes

### *Overview of Disproportionate Burden Policy-Service*

- To be conducted when a major service change may result in adverse effects on low-income populations
- A Disproportionate Burden exists if:
  - There is a difference between affected low-income and non-low income census populations; calculations are set out in the policy
  - There are differences between affected low-income and non-low income ridership; calculations are set out in the policy
  - Burdens will be addressed as a complete set of major service changes

### *Overview of Proposed Fare Policy*

- Guiding principles for compliance with the MARTA Act and Title VI:
  - Maintenance of a flat-fare policy with free transfers using Breeze media; variable based fares may be considered in the future
  - Maximize ridership through customer satisfaction and appeal to new riders
  - Maximize revenue through encouragement of stored value on Breeze Cards
  - Reward frequent ridership through discounts for multi-trips
  - Satisfy Title VI principles through equitable application of fares so as not to burden or impact protected populations
  - Implement meaningful public engagement in the decision-making process

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- Base fare and other major fare payment methods are subject to Board-approved changes
- Base fare is to be tied to the consumer price index CPI (recalculated every other year)
- If the CPI decreases, MARTA's base fare will not decrease
- An equity data analysis will be conducted in accordance with methods in the policy

### *Overview of Disparate Impact Policy - Fare*

- To be conducted when a fare change may result in adverse effects on minority populations
- A Disparate Impact will be assessed:
  - If the percentage increase in fare for a particular fare payment method is more than 5.0% greater than the general percentage increase
  - If the minority population's usage proportion for that fare payment is greater than the general riding population's usage
  - The statistical test is set out in the policy

### *Overview of Disproportionate Burden Policy - Fare*

- To be conducted when a fare change may result in adverse effects on low-income populations
- A Disproportionate Burden will be assessed:
  - If the percentage increase in fare for a particular fare payment method is more than 5.0% greater than the general percentage increase
  - If the analysis shows that the low-income population's usage proportion for that fare is greater than the general riding population's usage
  - The statistical test is set out in the policy

### *Public Engagement*

- Policies shared with the public

- Open and interactive processes
- Broadly advertised
- Meetings, small group briefings, social media
- Printed informational materials (alternative formats)
- From late November through mid-December
- Report feedback to the Board

*Schedule*

- Public engagement in late November to mid-December
- Report results to the Board Committee in January 2014
- Board votes on policies in February 2014

**Briefing –Rail Station Signage**

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Mr. Dunna briefed the Committee on MARTA's "On the Go" Mobile App and Electronic Rail Station Signage.

**"On the Go" Mobile App**

- Real-time Bus and Train arrival for both iPhone and Android apps
- Nearest bus stop location for riders
- Internal testing completed
- External testing with Georgia Tech team completed
- Will launch week of November 18th
- Android app will be available in Android Store within 1 day
- iPhone app will be available in Apple Store between 1 to 2 weeks

*Electronic Rail Station Signage*

- Background
  - July 2003 - MARTA signed contract with Signpost Network
  - January 2010 - MARTA executed agreement with Signpost extending the contract from 2014 to 2019

- December 2011 - Signpost decided to shut down the sign operation
- March 2012 - Signpost assigned the contract to CBS Outdoor
- Existing Signs
  - LED Signs
    - Total count: 123
    - Functioning: 61
    - No advertising value
    - Manufacturer: Daktronics
  - LCD Signs
    - Total count: 24
    - Functioning: 12
    - Have advertising value
    - Manufacturer: MRI
- Assessment
  - LED Signs
    - Components needed to fix the LED signs:
      - Modules
      - Controllers
      - Surge protector and cards
    - Repair cost: Approximately \$150K
    - Some modules need 14 to 16 weeks lead time
  - LCD Signs
    - Issues:
      - Obsolete components
      - Performance limitation with on-board mac mini
    - Repair cost: Approximately \$150K

- **Infrastructure Improvements**
  - Upgrade data communication infrastructure to the signs
  - Provide adequate power to signs
  - Determine options to replace existing back office software to push real-time information, announcement and advertisement to signs
  - Annual maintenance costs: \$200K
  
- **Next Steps**
  - Identify critical signs that need to be fixed
  - Issue notice to proceed to CBS Outdoor
  - Form a task team with subject matter experts from MARTA's Technology and Operations departments and CBS Outdoor subcontractors
  - Start fixing critical signs

*Install Entrance Signs*

- **Sample entrance signage at other transit agencies:**
  - At entrance
  - Above escalator
  - By Customer Service area
  - By the fare gates
  - Along high-traffic areas
  
- **Real-Time Rail Information**
  - Developed by MARTA's Technology staff
    - Own source code
    - Can modify
    - Synchronize with Smartphone Apps
  - Web-based
    - Can feed to all LCD signs universally as content
  
- **Next Steps**
  - Conduct survey to determine the locations of entrance signs (in progress)

- Demo different display units to determine the best signs to procure (in progress)
- Perform Engineering Design
- Procure signs, installation services and start rollout
- Plan to come to the full Board in December for further actions

Mrs. Southall asked if CBS Outdoor is financially responsible for maintenance.

Mr. Dunna said CBS Outdoor will pay for repairs – MARTA is in discussion with them to cover maintenance.

Mrs. Southall asked about advertising opportunities.

Mr. Dunna said advertising is a possibility with the LED signs.

Ms. Miller asked how is MARTA promoting the app.

Mr. Parker said Technology will work with the Authority's External Affairs team to start promoting. He added that upon his arrival at MARTA this project would have cost the Authority upwards \$1M. MARTA is very proud to have accomplished this in-house, at a fraction of the estimated costs.

#### **Other Matters**

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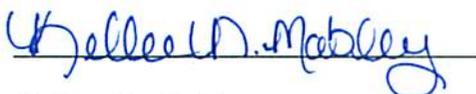
The Committee received the September FY 2014 Key Performance Indicators as informational only.

#### **Adjournment**

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The meeting of the Business Management Committee adjourned at 11:54 a.m.

Respectfully submitted,



Kellee N. Mobley  
Sr. Executive Administrator to the Board