

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

March 25, 2013

The Board of Directors Business Management Committee met on March 25, 2013 at 10:27 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
Adam Orkin

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Interim Deputy General Manager/COO Davis Allen (Acting); AGMs Deborah Dawson, Joseph Dorsey (Acting), Rod Hembree (Acting), Robin Howard, Ming Hsi (Acting), Cheryl King, Miriam Lancaster (Acting), Ryland McClendon and Elizabeth O'Neill; Sr. Director David Springstead; Directors Joseph Erves and Knox O'Callaghan; Manager Emmett Crockett; Manager, Executive Office Administration Tyrene L. Huff; Executive Manager/Assistant Secretary to the Board Rebbie Ellisor-Taylor; Finance Administrative Analyst Tracy Kincaid; Others in attendance Frederick Askew and Abebe Girmay.

Also in attendance Charles Pursley, Jr. of Pursley Friese Torgrimson; Pam Alexander of LTK Engineering; Matt Pollack of MATC.

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

On motion by Mr. Orkin seconded by Mr. Buckley, the minutes were unanimously approved by a vote of 3 to 0, with 3 members present.

Resolution Authorizing the Receipt of Federal Transit Administration FY 2013 Grant Assistance

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to file applications on

behalf of MARTA for the receipt of Federal Fiscal Year 2013 Section 5307 Urbanized Area Formula Program grants from the Federal Transit Administration (FTA). This grant assistance in the total FY13 estimated amount of \$39,000,000 would be used for the following MARTA projects and activities: Preventive Maintenance, Transit Security Projects and Transit Enhancement Projects. MARTA would provide the required 20% non-federal matching share in the estimated amount of \$9,750,000. This resolution would also authorize the General Manager/CEO or his delegate to execute the corresponding grant agreements with FTA and provide FTA with the standard Federal grant program certifications and assurances on behalf of MARTA required as a condition of receiving these funds.

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

Briefing – January Year-to-Date FY 2013 Budget Variance Analysis and Financial Key Performance Indicators (KPIs)

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

Overview – January 2013

During the month of January, total net revenues were \$3.2M or 9.9% greater than budget (favorable) due to the following:

- 1) A favorable variance of \$4.6M or 36.4%, in Sales Tax, which was attributed to sales tax receipts over-performing relative to plan as forecasted by the Georgia State Economic Forecasting Center
- 2) A unfavorable variance of \$1.3M or 20.4% in Federal Assistance, due to anticipated decrease in eligible Preventative Maintenance reimbursable expenses

Total net expenses for the month were \$1.8M or 5.1%, less than budget (favorable) primarily due to the following:

- 1) A favorable variance of \$1.4M, or 7.3%, in Salaries & Wages due to vacancies
- 2) A favorable variance of \$1.4M, or 31.5%, in Capital Charges due to more capital employees being hired as well as more full time employees charging to capital

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- 3) An unfavorable variance of \$0.4M or 3.4% in benefits primarily due to the State Unemployment

Year-to-Date Operating Revenues

On a January year-to-date-basis, actual Revenues were favorable by \$6.1M or 2.7%. Of this amount, Sales Tax receipts were favorable by \$7.6M or 8.1% which was offset by Federal Assistance (\$1.3M or 2.9%).

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

- Sales Tax receipts over-performing (8.1%) relative to plan on a January YTD basis as forecasted by the Georgia State Economic Forecasting Center
- Passenger Revenue was slightly higher than budget (0.04%) even though YTD ridership was lower than projected (3.6%); Revenue associated with selling of breeze cards, which are unrelated to trip making revenue, account for the slight YTD favorable variance – additionally, the cost of fare media is no longer included as a contra revenue item
- Station Parking was lower at 12% 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 3.8% primarily due to the TOD Ground leases not yielding as planned due to timing differences (\$106K) and the Amortized Lease Income (\$116K), due to the unwinding of two defeased lease transactions/traunches in June 2012

Year-to-Date Budget vs. Actual Expense Performance

On a January year-to-date basis, net operating budget expenses were under budget (favorable) by \$25.8M or 10.2%, primarily due to the combined effects of the following:

- Salaries & Wages were favorable by \$11.7M or 9%
- Overtime Expenses were \$1.2M or 8.8% over budget (unfavorable)
- Benefits were under budget by \$6.7M or 8.6%
- Contractual Services were \$1.9M or 11.2% under budget (favorable)

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- CNG Fuel was \$0.3M or 11.7% under budget due to running fewer miles than planned
- Diesel Fuel was \$0.4M or 6.1% under budget also due to running fewer miles than planned
- Other Materials & Supplies were unfavorable by \$1.8M or 10.9% due primarily to the cost of fare media being expensed (\$1.4M) rather than being booked as a contra revenue as in prior years
- Other Non-Labor charges were \$3.1M or 16.7% under budget
- Capital charges were favorable at \$4.7M or 16.1% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of \$10.3M requires a sales tax subsidy of 44.9%, which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 59.9%

Key Performance Indicators

- Budget Variance
 - The budget variance for the month of January was favorable at 5.09% below budget, mostly due to a favorable variance in labor cost
 - The 2013 Fiscal Year-to-Date (months of July through January) budget variance remains favorable at 10.21% below budget, mostly due to favorable variances in labor (vacancies), contractual services and fuel costs
- Combined Ridership
 - Combined Ridership for the month was 11.2M unlinked passenger boardings, falling short of the forecasted 11.4M by 277K or 2.4%
 - The 2013 Fiscal Year-to-Date (months of July through January) Combined Ridership of 76.6M unlinked trips is lower than forecasted 79.5M by 2.8M or 3.6%
- Cost per Bus Passenger Trip
 - The Cost per Bus Passenger Trip of \$3.44 in January was better than the forecast of \$3.70 by \$0.26 or 7%; this favorable variance was mostly due to net under-runs in budgeted expenses

- The 2013 Fiscal Year-to-Date (months of July through January) Cost per Bus Passenger Trip of \$3.35 is better than the forecasted \$3.68 by \$0.33, or 9%; this favorable variance is due to net under-runs in budgeted expenses
- Cost per Rail Passenger Trip
 - The Cost per Rail Passenger Trip of \$2.49 in January was better than the forecast of \$2.61 by \$0.12 or 4.6%; this favorable variance was due to net under-runs in budgeted expenses
 - The 2013 Fiscal Year-to-Date (months of July through January) Cost per Rail Passenger Trip of \$2.39 is better than the forecasted \$2.59 by \$0.20 or 7.7%; this favorable variance is due to net under-runs in budgeted expenses
- Cost per MARTA Mobility Passenger Trip
 - The Cost per MARTA Mobility Passenger Trip of \$34.66 in January was higher than the forecast of \$33.60 by \$1.06 or 3.2%
 - The 2013 Fiscal Year-to-Date (months of July through January) Cost per Mobility Passenger Trip of \$32.85 is better than the forecasted \$33.39 by \$0.54 or 1.6%

Mr. Daniels asked about Station Parking.

Mr. Allen said MARTA is looking at self-service parking as an alternative. Some of MARTA's parking lots are unmanned during late hours of the night. The Authority suspects that people have become aware of this and some may be purposefully waiting until the lots are unmanned before exiting to avoid paying.

Mr. Howard said the Audit Department is also investigating the issue and looking at ways to close the gap in the meantime.

Mr. Buckley asked is automation the solution.

Mr. Parker said MARTA is exploring the options of full automation or privatization of parking services.

Mr. Daniels asked where is Staff in the Budget process.

Mr. Allen said Staff has prepared a draft Budget that is currently being reviewed by the General Manager/CEO. Upon his approval, the Finance team will meet

with Board Members collectively and one-on-one for discussion. Staff will bring the Budget to the Committee as a briefing before Public Hearings in May. The Budget will then come before the Committee for approval at the end of May and to the full Board for approval in June.

Other Matters

Dr. Edmond announced that the following agenda item:

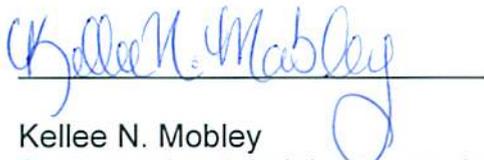
- #4a – January FY 2013 Key Performance Indicators (KPIs)

was included in the Business Management Committee package of materials for information purposes only.

Adjournment

The meeting of the Business Management Committee adjourned at 10:46 a.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board