

PROPOSED FY2021 OPERATING & CAPITAL BUDGETS

May 2020



BOARD BRIEFING



METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

DEPARTMENT OF FINANCE

Agenda

Operating Budget Briefing
Capital Budget Briefing
Questions

Budget Documents Emailed on May 13:

- Budget Briefing PowerPoint – reviewing today
- Budget Highlights (2 pager)
- FY21 Operating Budgets by Department

Hard copies will be sent to your home address via FedEx for delivery by Wednesday May 20. The May 28 Business Management Committee will include a second budget briefing and additional opportunity for Q&A.

Strategic Objectives

Our Vision

Taking people where they want to go today and tomorrow

Our Mission

To advocate and provide safe, multimodal transit services that advance prosperity, connectivity and equity for a more livable region.

FY2021 Operating Budget Briefing

Key Milestones

Date	Event	Stakeholder
May 14, 2020	<u>Board Briefing</u> on the FY 2021 Proposed Operating & Capital Budgets	Board Work Session
May 18 th & 19 th 2020	Hold “Virtual” <u>Public Hearing</u> on FY 2021 Proposed Operating & Capital Budgets	Required Board Representative
May 28, 2020	<u>Board Presentation</u> of FY 2021 Recommended Operating & Capital Budgets. Board reviews Public Hearings outcomes and receives the Resolution to Adopt the FY2021 Operating & Capital Budgets	BMC
June 11, 2019	<u>Board Adoption</u> of FY 2021 Operating & Capital Budgets	Board

Board Chair
Mrs. Freda B.
Hardage to
preside over
each Public
Hearing

Strategic Objectives

Linkage between Strategic Plan and Budget Development

VISION



Strategic Priorities

Consistently provides excellence in customer service

Delivers the capital program with speed and efficiency

Demonstrates fiscal responsibility

Strengthens the MARTA brand



PERFORMANCE INDICES

Employee
Engagement

On-Time
Performance

Reliability

Cleanliness

Communication

System
Safety

System
Security

Financial

Image

Current Challenges

Revenue

- COVID-19 revenue decline – particularly with Sales Tax, TAVT & Passenger Revenue
- Ridership & Passenger Revenue decline
 - Lower Gas prices than prior years
 - Uber/Lyft Impact
 - Gentrification Impact
- Loss of former or one-time revenue sources

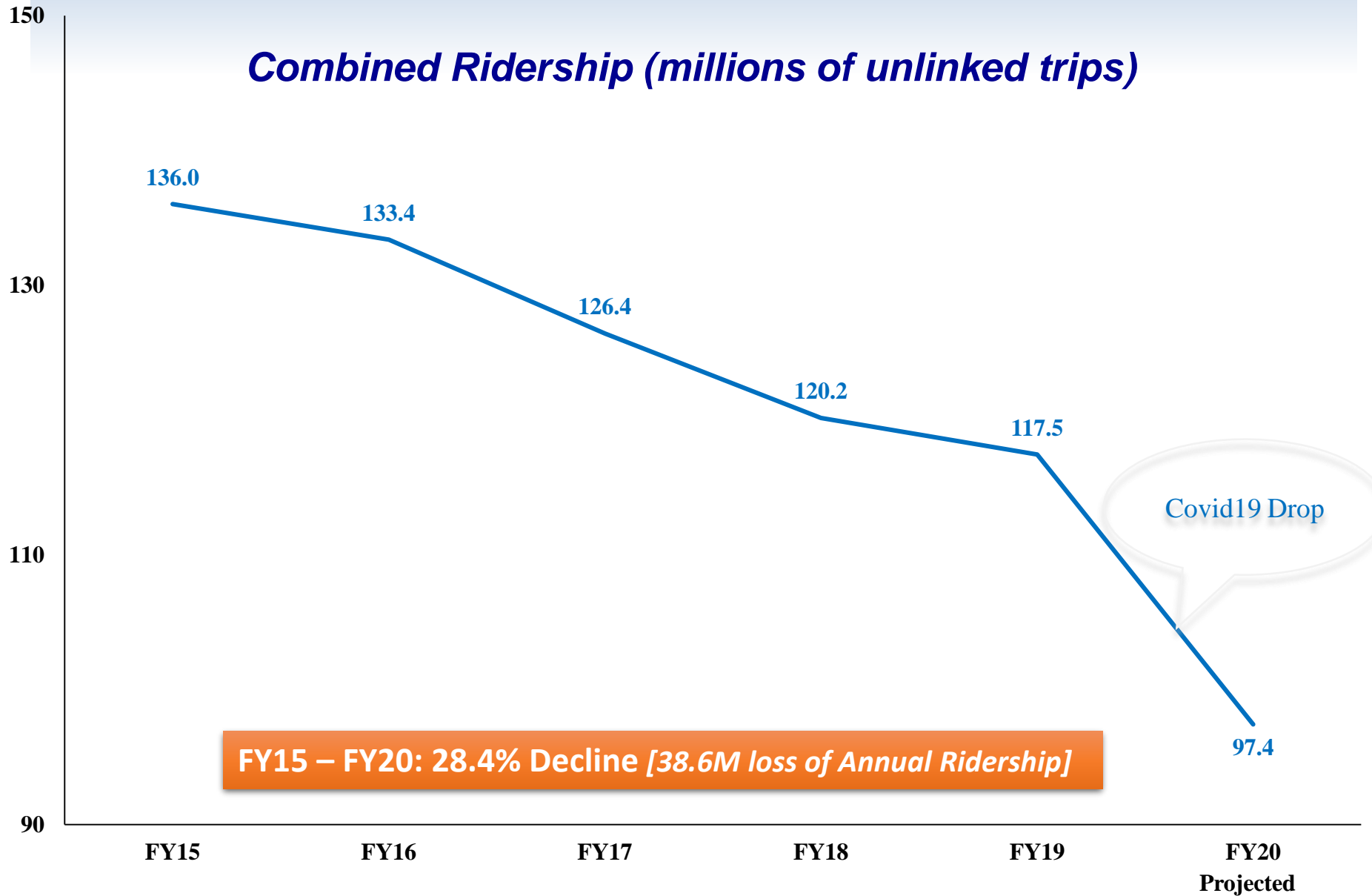
Expense

- Overtime/Absenteeism
- Negotiated Wage Increase for Rep. Employees
- State Fuel Tax Exemption
- New/Expanded Resource Needs
 - Personnel Equity/HR issues
 - Bus Supervision and Staff Oversight
 - Technology Obligations
 - Cybersecurity Enhancements
 - Safety/Security Enhancements
 - Rail Car Maintenance
 - Increased Mobility Service Cost



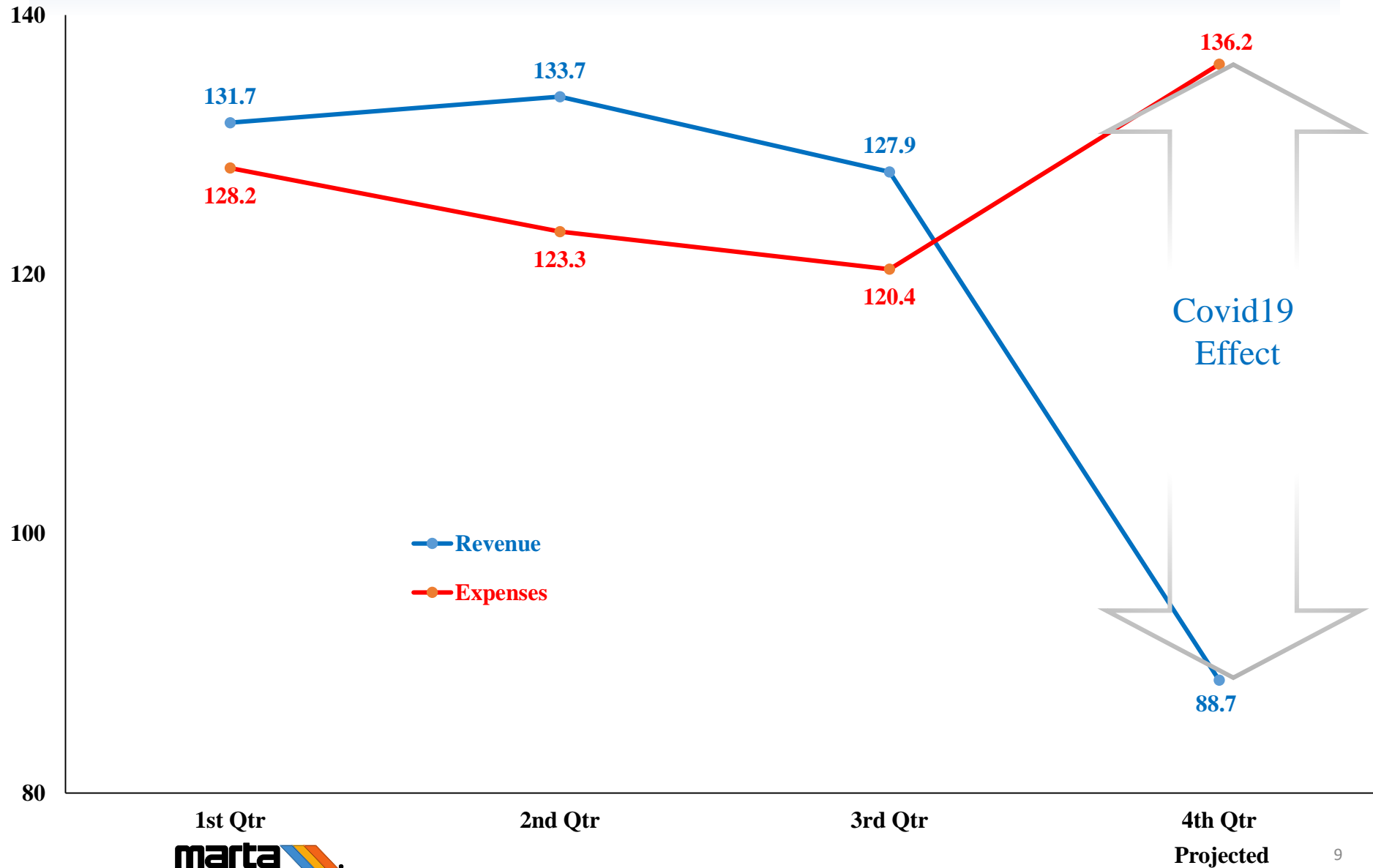
Current Challenges

Combined Ridership (millions of unlinked trips)



Current Challenges

FY20 Operating Trend - Revenues & Expenses by Quarter



Current Challenges

Revenue Growth Compared to Expenditure Growth

Projected Trends FY20-25

As compared to FY13-18

Good News: Expense growth reduced by 2.6%

Bad News: Revenue growth shrunk by 16.1%

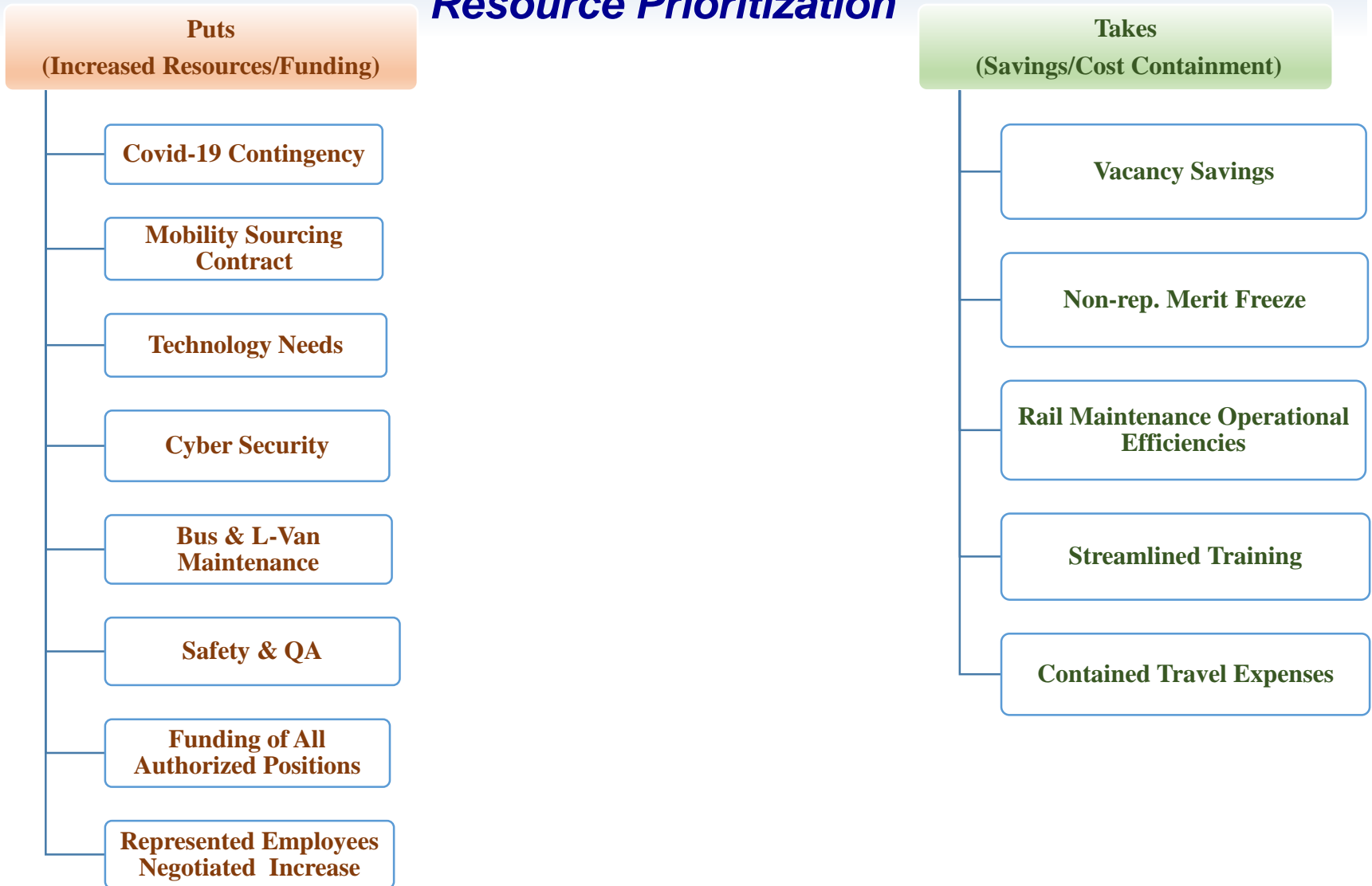
FY21 Proposed Operating Budget

Internal Process Steps



FY21 Proposed Operating Budget

Resource Prioritization



FY21 Proposed Operating Budget

\$M

(\$ millions)

MARTA Financial Summary (SM)	Actual FY2019	Forecast FY2020	Proposed FY2021	Projection FY2022	Projection FY2023	Projection FY2024	Projection FY2025
Operating Revenues (pre-Covid19)	525.9	534.6	538.2	543.8	552.6	561.5	571.1
COVID-19 Impact	0	(52.6)	(63.8)	(56.3)	(38.8)	(38.2)	(40.0)
Cares Act Federal Funding *	0.0	83.0	150.0	65.6	0.0	0.0	0.0
Adjusted Revenues	525.9	565.0	624.5	553.1	513.8	523.3	531.1
Net Operating Expense	519.1	508.1	537.9	554.5	569.5	585.0	600.9
Covid-19 Contingency			20.0				
Net Operating Expenses (incl. Covid-19)			557.9				
Surplus/(Deficit) **	6.9	56.9	66.5	(1.3)	(55.7)	(61.7)	(69.7)

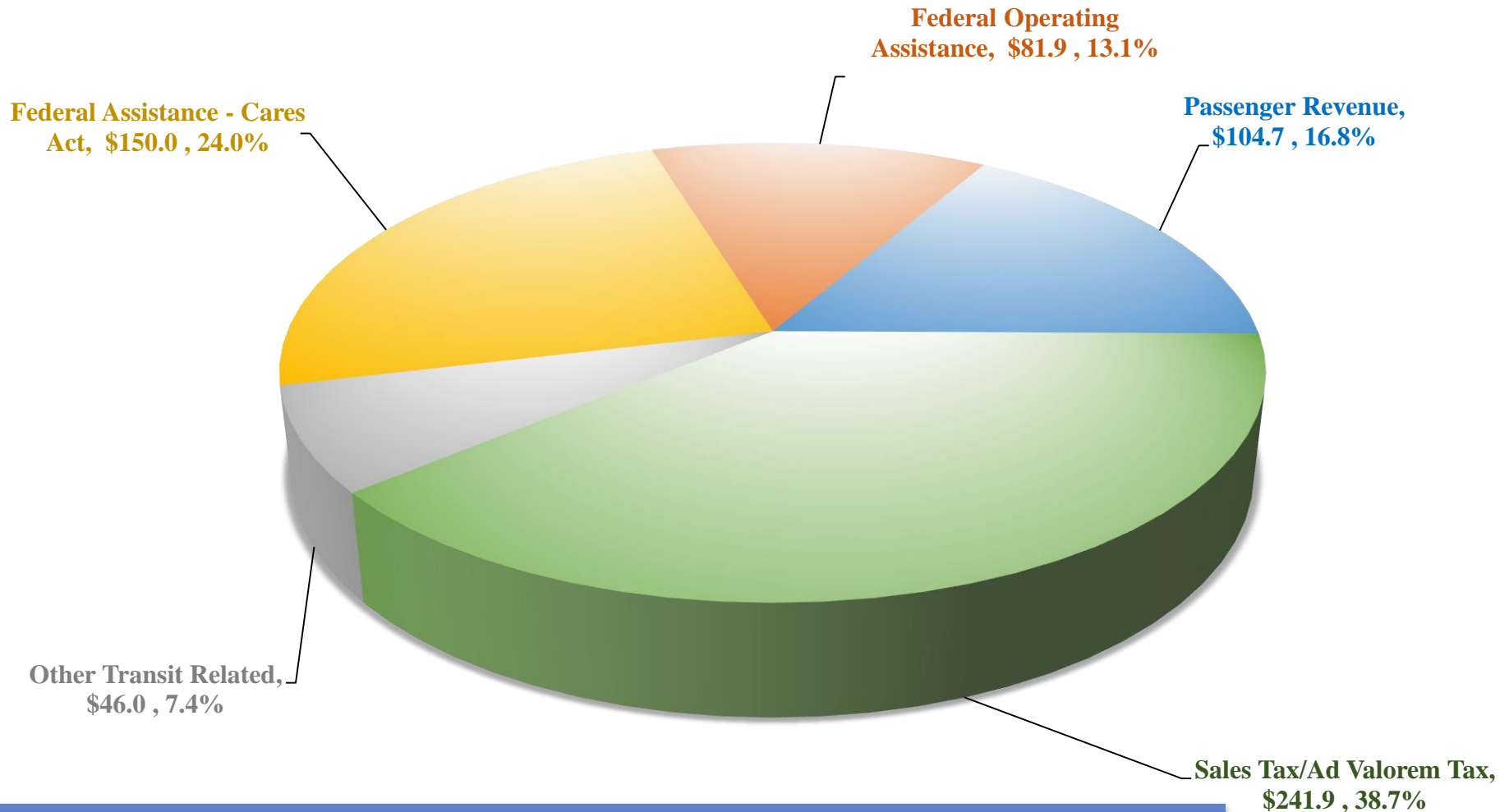
* Cares Act Federal Funding drives surpluses in FY2020 and FY2021

** Surpluses placed in Sales Tax Reserve will be applied to offset deficits in FY2022 through FY2025

FY21 Proposed Operating Budget

\$M

FY21 Operating Revenues - \$624.5M *

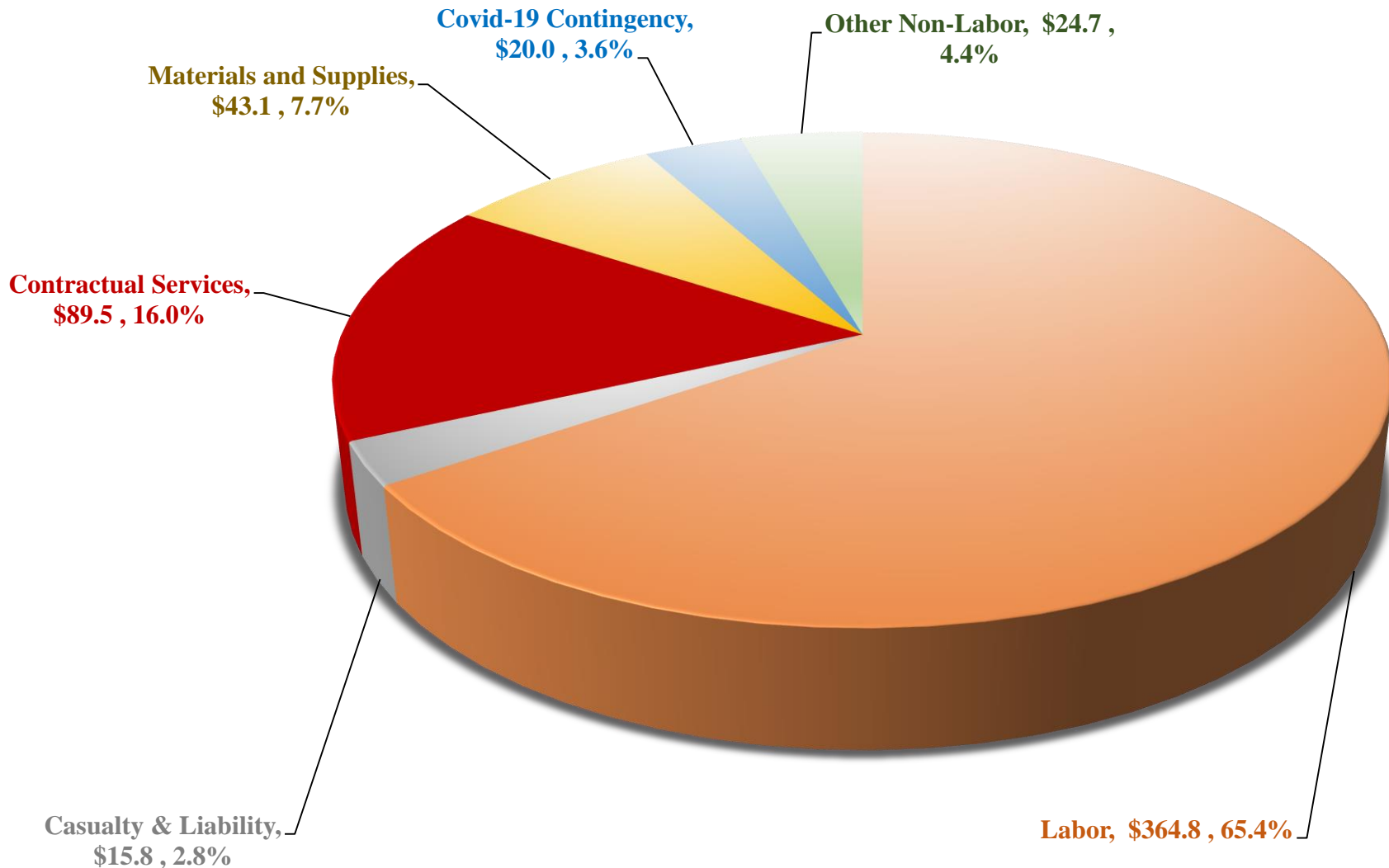


*** FY21 Operating Revenues of \$624.5M = Pre-Covid-19 Forecast of \$538.2M – Covid-19 Impact of \$63.8M + Cares Act Federal Funding of \$150.0M**

FY21 Proposed Operating Budget

\$M

FY21 Net Operating Expenses - \$557.9M

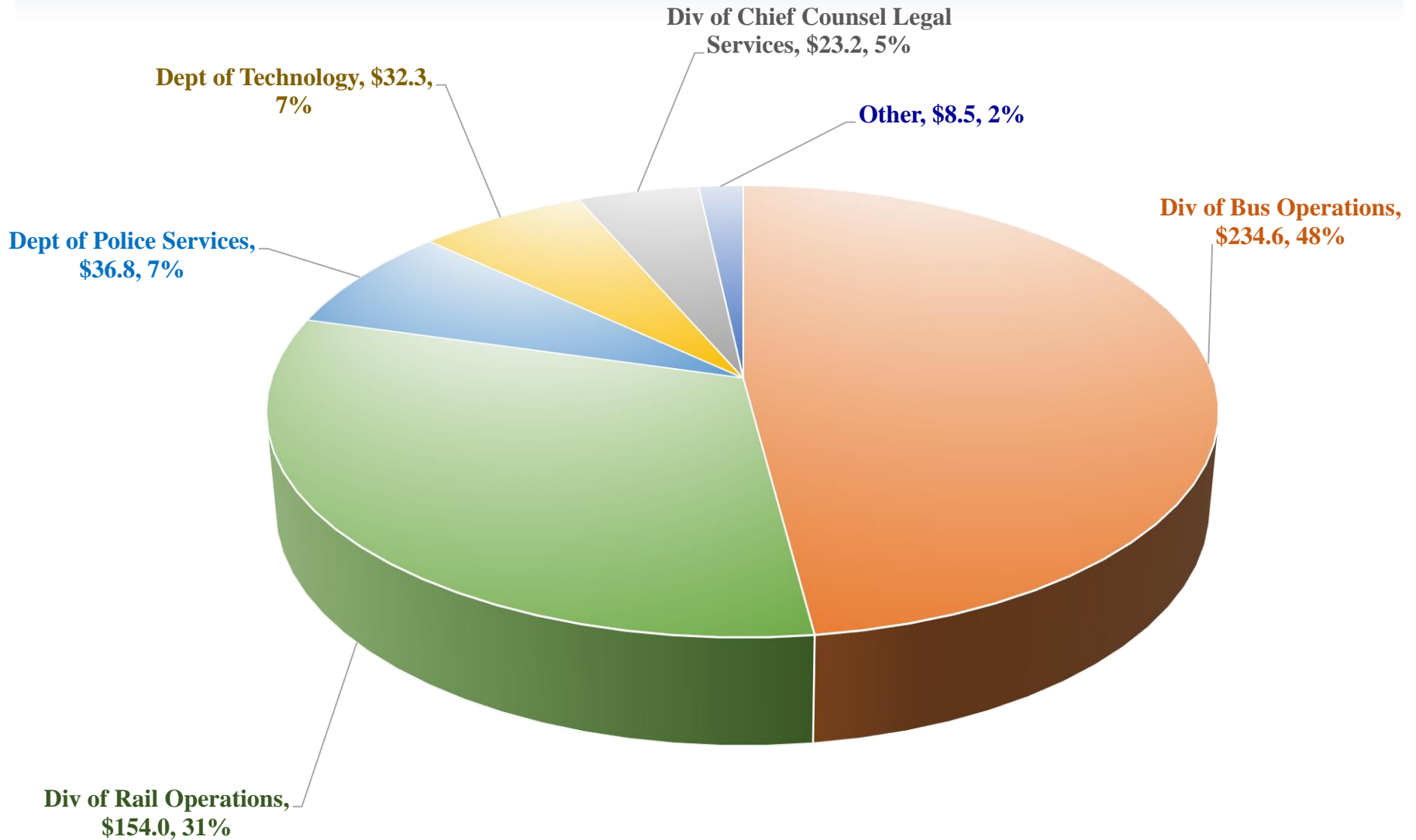


Key Departmental Summaries

Expenses & Personnel

FY21 Departmental Budgets

\$M



FY21 Departmental Strategic Action Items

Bus Operations

Chief of Bus Operations & Urban Planning • Bus
Transportation • Bus Maintenance •
Mobility

- Mobility Service Improvement Plan
- Investing in vehicle asset life cycle protection and development
- Optimizing transit corridors and related bus service, contributing to future network re-design and improvements
- KPI Strategic Management Initiatives

Division of Bus Operations

Categories of Expenses & Personnel Summary

Div of Bus	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$157,705,123	\$162,835,431	\$162,783,524	-\$51,906	0%
Non Labor Total	\$59,348,398	\$65,632,171	\$72,068,883	\$6,436,712	10%
Gross Operating Total	\$217,053,521	\$228,467,601	\$234,852,407	\$6,384,806	3%
Allocation Total	-\$1,500,850	-\$269,794	-\$265,510	\$4,284	-2%
Net Operating Expenses	\$215,552,671	\$228,197,807	\$234,586,898	\$6,389,091	3%

Div of Bus Operations	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	167	192	194	2
Represented	1,690	1,690	1,717	27
Full-Time Total	1,857	1,882	1,911	29
PT Represented	125	125	125	-
Contract	16	3	3	-
Dept of Bus Operations Total	1,998	2,010	2,039	29

FY21 Departmental Strategic Action Items

Rail Operations

Chief of Rail Operations • Rail Transportation • Rail Car Maintenance • MOW • Facilities • Vertical Transportation • Light Rail Operations

- Complete full implementation of the new Station Management Program
- Establish new SMART cleanliness performance standards for rail stations
- Achieve historical highs in rail station cleanliness and appearance based on MARTA Customer Surveys
- Improve notification process and alternative service options for unplanned elevator outages
- Successfully pilot and onboard simulator and MARTA Operator curriculum

Division of Rail Operations

Categories of Expenses & Personnel Summary

Div of Rail	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$122,689,879	\$115,525,471	\$121,515,182	\$5,989,711	5%
Non Labor Total	\$42,734,795	\$42,939,550	\$45,218,345	\$2,278,795	5%
Gross Operating Total	\$165,424,674	\$158,465,021	\$166,733,527	\$8,268,506	5%
Allocation Total	-\$9,576,754	-\$11,994,970	-\$12,766,418	-\$771,448	6%
Net Operating Expenses	\$155,847,921	\$146,470,051	\$153,967,109	\$7,497,058	5%

Div of Rail Operations	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	356	352	351	(1)
Represented	959	989	989	-
Full-Time Total	1,315	1,341	1,340	(1)
Contract	10	14	6	(8)
Dept of Rail Operations Total	1,325	1,355	1,346	(9)

FY21 Departmental Strategic Action Items

Police Services

Police Services

- Reduce Part 1 Crimes by 5%
- Fill 20 vacant Full-Time Employee Sworn Positions
- Fill 10 vacant Full-Time Employee Field Protective Specialist Positions
- Implement Cultural Competency training for all MPD employees
- Reduce Overtime by 10% while providing best in class public safety

Department of Police Services

Categories of Expenses & Personnel Summary

Dept of Police Services	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$50,665,309	\$43,923,344	\$43,334,365	-\$588,980	-1%
Non Labor Total	\$760,882	\$405,867	\$521,784	\$115,917	29%
Gross Operating Total	\$51,426,192	\$44,329,211	\$43,856,148	-\$473,063	-1%
Allocation Total	-\$5,126,641	-\$7,128,175	-\$7,092,168	\$36,008	-1%
Net Operating Expenses	\$46,299,551	\$37,201,036	\$36,763,981	-\$437,055	-1%

Dept of Police Services	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	425	426	426	-
Full-Time Total	425	426	426	-
Contract	33	33	33	-
Dept of Police Services Total	458	459	459	-

FY21 Departmental Strategic Action Items

Technology

AGM Technology CIO • IT Strategy & Innovation •
Technology Applications • Technology Infrastructure &
Production • Technology Support Services

- Manage MARTA's technology portfolio to support transit services efficiently, sustainably, and resiliently
- Complete upgrade of (AVIS) Rail Station signage across all stations
- Upgrade Bus and Streetcar Automatic Vehicle Location (GPS) and Computer Aided Dispatch (Bus) systems
- Enhance Fare Collection System and Provide Mobile Fare Payment Options
- Upgrade core network, storage, communications, and computer hardware to state of good repair

Department of Technology

Categories of Expenses & Personnel Summary

Dept of Technology	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$13,632,327	\$18,283,461	\$17,549,545	-\$733,916	-4%
Non Labor Total	\$21,476,918	\$18,181,861	\$25,178,512	\$6,996,651	38%
Gross Operating Total	\$35,109,245	\$36,465,322	\$42,728,057	\$6,262,735	17%
Allocation Total	-\$10,418,840	-\$8,828,628	-\$10,404,236	-\$1,575,608	18%
Net Operating Expenses	\$24,690,405	\$27,636,694	\$32,323,821	\$4,687,127	17%

Dept of Technology	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	92	104	107	3
Represented	17	17	17	-
Full-Time Total	109	121	124	3
Contract	34	20	14	(6)
Dept of Technology Total	143	141	138	(3)

FY21 Departmental Strategic Action Items

Department of Legal Counsel

Chief Counsel Legal Services • Contracts & Procurement • Corporate Law •
Litigation & Administration •
Risk Management

- Provide strong representation of the Authority in all litigated matters
- Continuing implementation of automated procurement activities reducing procurement timelines
- Providing timely and customer-oriented responses to claims inquiries
- Implementation of Open records portal for centralized response to requests
- Strengthen analysis of data to identify areas of risk and development of strategies to mitigate same

Department of Legal Counsel

Dept of Chief Counsel Legal Services	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$12,677,586	\$13,245,654	\$12,488,102	-\$757,552	-6%
Non Labor Total	\$18,851,720	\$8,186,836	\$13,878,120	\$5,691,284	70%
Gross Operating Total	\$31,529,306	\$21,432,490	\$26,366,222	\$4,933,732	23%
Allocation Total	-\$3,009,916	-\$2,575,748	-\$3,147,699	-\$571,951	22%
Net Operating Expenses	\$28,519,390	\$18,856,743	\$23,218,523	\$4,361,780	23%

Dept of Chief Counsel Legal Services	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	78	74	73	(1)
Represented	45	45	44	(1)
Full-Time Total	123	119	117	(2)
Dept of Chief Counsel Legal Services Total	123	119	117	(2)

FY21 Departmental Strategic Action Items

Safety & Quality Assurance

AGM of Safety & Quality Assurance •

Quality Assurance • Safety

- Build Safety Culture through collaboration and accountability
- Improve staffing competencies through training and safety drills
- Launch Agency Safety Plan
- Implement Safety Management System (SMS)
- Establish ISO 9001:2015 Quality Management System (QMS)
- Complete conversion of all contract staffing positions to FTEs

Department of Safety & Quality Assurance

Categories of Expenses & Personnel Summary

Dept of Safety & Quality Assurance	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$6,559,862	\$7,594,465	\$8,133,863	\$539,398	7%
Non Labor Total	\$9,728	\$235,188	\$193,863	-\$41,325	-18%
Gross Operating Total	\$6,569,589	\$7,829,653	\$8,327,726	\$498,073	6%
Allocation Total	-\$3,044,509	-\$3,115,162	-\$3,333,917	-\$218,755	7%
Net Operating Expenses	\$3,525,080	\$4,714,491	\$4,993,809	\$279,318	6%

Dept of Safety & Quality Assurance	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	53	53	62	9
Full-Time Total	53	53	62	9
Contract	5	5	-	(5)
Dept of Safety & Quality Assurance Total	58	58	62	4

FY21 Departmental Strategic Action Items

Customer Experience & Strategy

Customer & Employee Experience • Customer Experience & Strategy

- Establish a Riders' Advisory Council
- Develop Customer Personas and Journey Maps and create customer experience initiatives
- Establish a platform to collect, vet and track customer and employee experience initiatives
- Partner with other agencies to positively engage with unsheltered persons who ride the system

Department of Customer Experience & Strategy

Categories of Expenses & Personnel Summary

Dept of Customer Experience & Strategy	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$0	\$0	\$456,494	\$456,494	0%
Non Labor Total	\$0	\$0	\$384,883	\$384,883	0%
Gross Operating Total	\$0	\$0	\$841,376	\$841,376	0%
Allocation Total			-\$59,128	-\$59,128	0%
Net Operating Expenses	\$0	\$0	\$782,248	\$782,248	0%

Dept of Customer Experience & Strategy	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	-	2	2	-
Full-Time Total	-	2	2	-
Dept of Customer Experience & Strategy Total	-	2	2	-

FY21 Departmental Strategic Action Items

Information Security

AGM Information Security

- Risk Management Framework implementation – Phase 3 (security control implementation)
- Microsoft Office E5 deployment to protect cloud applications, multifactor authentication, and breach detection
- Duplicate tool assessment and removal
- Deploy monitoring and preventative technologies on the train control network

Department of Information Security

Categories of Expenses & Personnel Summary

Dept of Information Security	FY19	FY20 Budget	FY21 Proposed	FY21 Change	FY21 Change %
Labor Total	\$232,954	\$782,307	\$1,332,307	\$550,000	70%
Non Labor Total	\$0	\$294,110	\$1,624,639	\$1,330,529	452%
Gross Operating Total	\$232,954	\$1,076,417	\$2,956,946	\$1,880,529	175%
Allocation Total	-\$14,145	-\$84,992	-\$233,475	-\$148,483	175%
Net Operating Expenses	\$218,810	\$991,425	\$2,723,471	\$1,732,046	175%

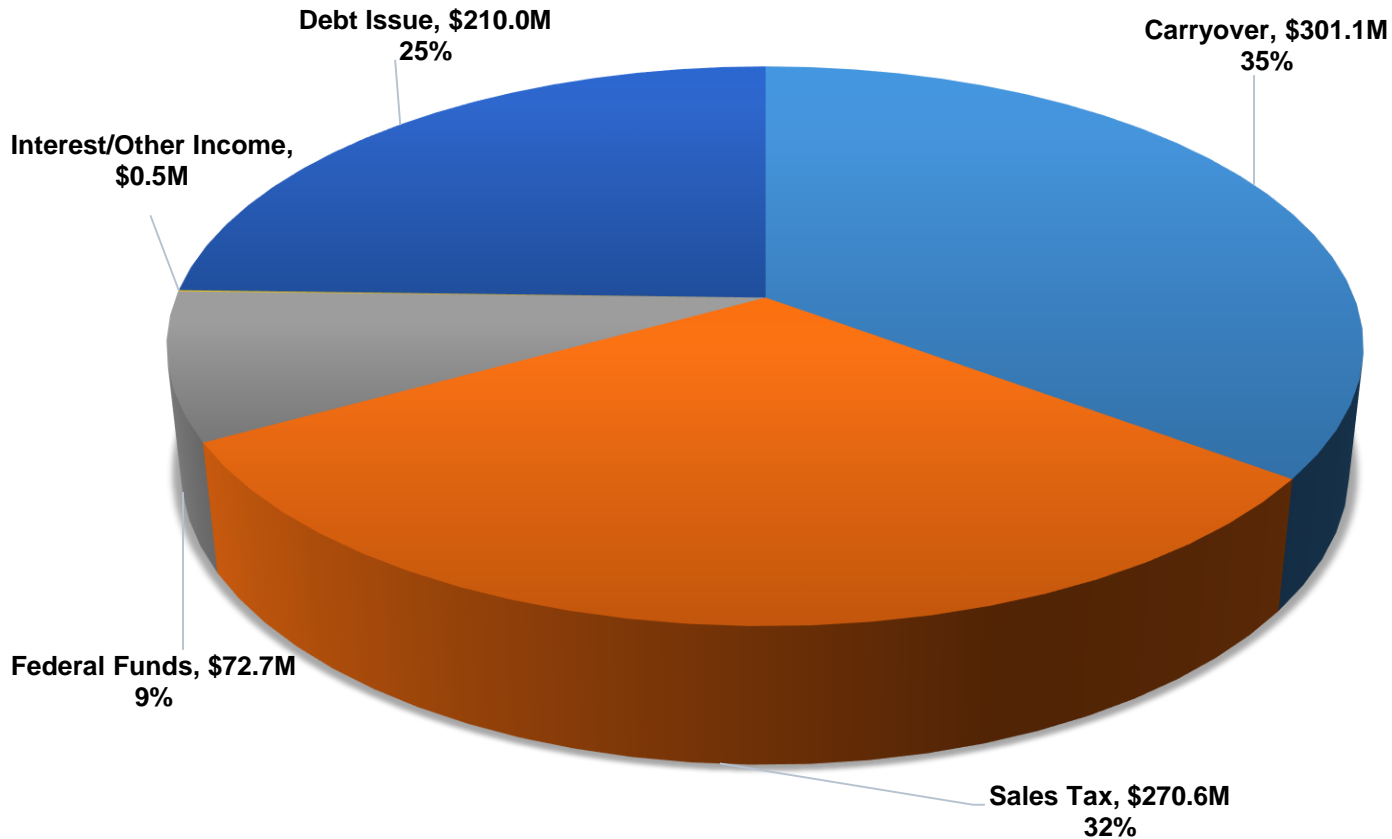
Dept of Information Security	FY19 Auth	FY20 Auth	FY21 Proposed	FY21 Change
Non-Represented	1	3	6	3
Full-Time Total	1	3	6	3
Contract	-	1	1	-
Dept of Information Security Total	1	4	7	3

FY2021 Capital Budget Briefing

Sources & Uses

FY21 Capital Improvement Program [\$854.9M] – Funding Sources

\$M



Sources & Uses

FY2021 Proposed Budget Sources and Applications of Capital Funds [\$ in millions]

\$M

Funding Sources

FY 2020 Carry-Over		\$301.1
General Fund	90.0	
More MARTA - COA	88.5	
More MARTA - Clayton	122.6	
FY2021 Sources		\$553.8
Sales Tax (Capital Allocation & More MARTA)	270.6	
Federal Funds - CIP	72.7	
Interest/Other Income	0.5	
Debt Issuance - Bonds	210.0	
Total Capital Funds		\$854.9
<i>Total Capital Funds - More MARTA</i>		<i>\$265.1</i>
<i>Total Capital Funds - Other/CIP</i>		<i>\$589.8</i>

Project Expenditures

CIP (State of Good Repair)	\$414.4
More MARTA - COA	\$16.7
More MARTA - Clayton	\$8.9
Bond Debt Service and Other Bond Related Costs	\$159.1
Total Capital Program	\$599.1
<u>FY21 Year Ending Balance</u>	
<i>Total More MARTA Funds Carryover</i>	<i>\$239.5</i>
<i>Total Other/CIP Funds Carryover</i>	<i>\$16.3</i>
Total Capital Funds Carryover	\$255.8

Sources & Uses

Metropolitan Atlanta Rapid Transit Authority FY21 - FY30 Proposed Capital Program Sources and Uses of Funds [\$millions]

\$M

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Totals
Beginning Balance	90.0										
Revenues											
Sales Tax	217.3	220.6	229.3	239.2	247.1	256.4	265.8	274.9	285.6	296.7	2,532.9
Federal & State Funds	72.0	53.5	48.2	54.2	44.4	44.4	44.4	44.4	44.4	44.4	494.0
Other Revenue	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	5.7
Debt Issue (Bonds & FRN)	210.0	340.0	255.0	225.0	225.0	230.0	190.0	175.0	165.0	100.0	2,115.0
Total Sources of Funds	589.8	630.9	549.0	537.6	535.4	550.7	514.7	510.5	510.5	455.3	5,147.6
Expenditures											
Capital Program Summary	414.4	440.1	342.9	316.5	307.8	317.4	270.5	258.3	251.3	187.2	3,106.4
Debt Service (Bonds & FRN)	159.1	174.8	187.4	202.8	208.2	219.4	228.5	237.3	245.6	250.5	2,113.6
Total Uses of Funds	573.5	614.9	530.3	519.3	516.0	536.8	499.0	495.6	496.9	437.7	5,220.0
Clayton Reserve	26.1	26.5	27.6	28.8	29.7	30.8	32.0	33.1	34.4	35.7	304.7
More MARTA COA Reserve	27.2	27.6	28.7	29.9	30.9	32.0	33.2	34.4	35.7	37.1	316.6

Excludes More MARTA Expenditures

Sources & Uses

More Marta City of Atlanta Sources of Funds

\$M

	FY21
Beginning Balance	88.5
Revenues	
Sales Tax (March 30 2020 - COVID Adjusted)	27.2
Federal Funds *	0.0
Debt Issue	0.0
Total Sources of Funds	115.7

More Marta Clayton Sources of Funds

Beginning Balance	122.6
Revenues	
Sales Tax (March 30 2020 - COVID Adjusted)	26.1
Federal Funds *	0.7
Debt Issue	0.0
Total Sources of Funds	149.4

CIP Program Structure

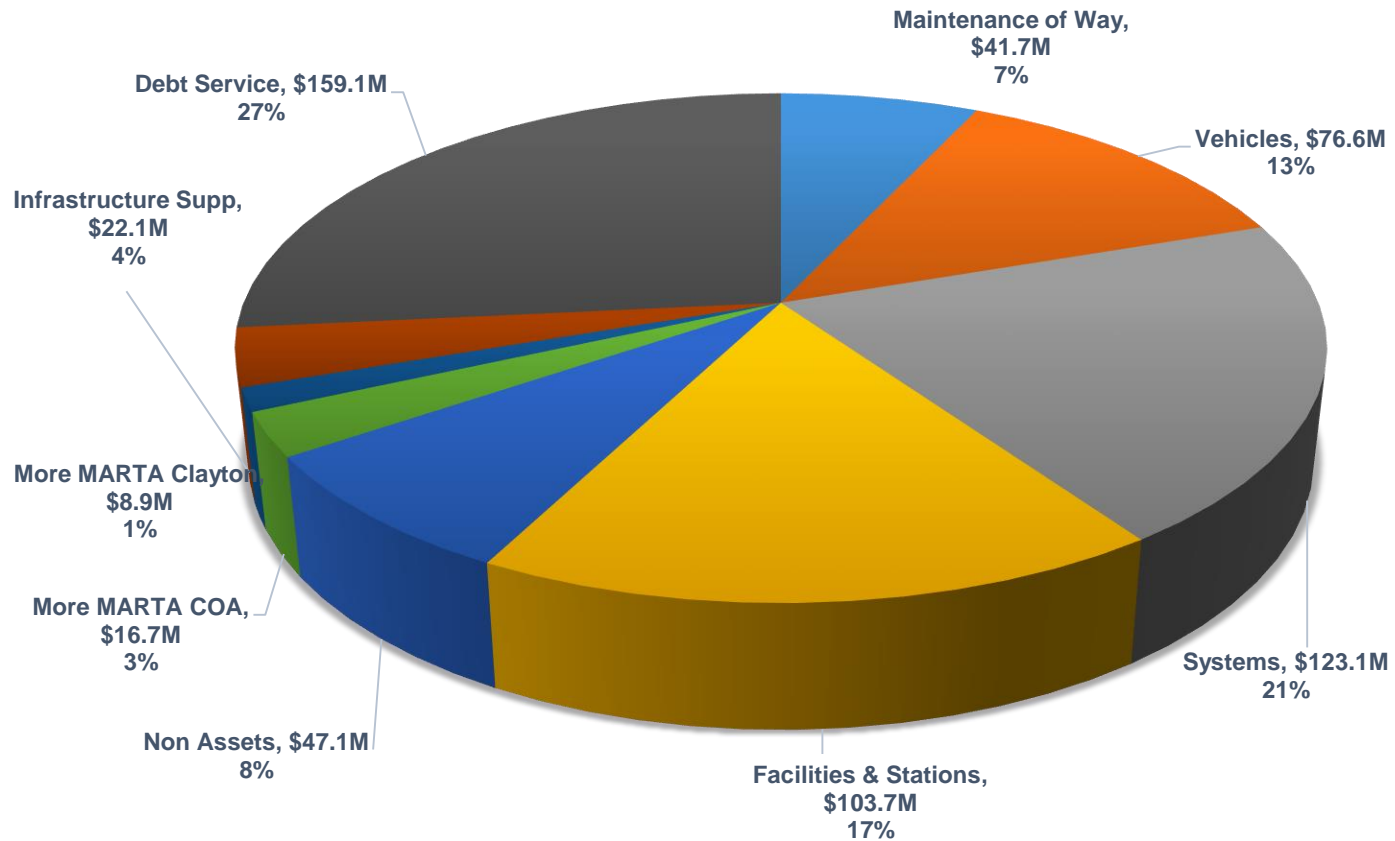
FY21 Proposed Capital Budget Development – CIP Program Structure



Sources & Uses

FY21 Capital Improvement Expenditures - [\$599.0M]

\$M



IV. CIP Program Structure

FY21 – FY30 CIP Program Structure

[\$ in millions]

\$M

Program Category	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Total 10 Year CIP
Vehicles	76.6	137.4	77.5	96.1	94.1	113.7	108.8	96.6	89.6	25.5	915.9
Facilities & Stations	102.8	70.9	47.9	44.9	38.2	38.2	38.2	38.2	38.2	38.2	495.7
Maintenance of Way	41.7	20.0	20.0	20.0	20.0	20.0					141.7
Systems	123.1	114.3	100.0	58.0	58.0	48.0	48.0	48.0	48.0	48.0	693.4
Non Assets	48.1	64.5	64.5	64.5	64.5	64.5	42.5	42.5	42.5	42.5	540.6
Assets Subtotal:	392.3	407.1	309.9	283.5	274.8	284.4	237.5	225.3	218.3	154.2	2,787.3
Infrastructure Support Soft Cost	22.1	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	319.1
Total Proposed CIP	414.4	440.1	342.9	316.5	307.8	317.4	270.5	258.3	251.3	187.2	3,106.4

Excludes More MARTA Expenditures

Top Tier Capital Projects by Cost

FY21 Proposed CIP – Top 10 Project Budgets by Cost

(\$ millions)

\$M

Capital Project Description	FY21	10 Year Total
Station Rehabilitation	\$ 62.0	\$ 393.8
Track Renovation –Phase IV	33.6	133.6
CQ400 New Rail Car Purchase	28.6	647.5
Tunnel Ventilation	23.1	65.1
Infrastructure Soft Costs	22.1	319.1
Train Control Systems Upgrade	15.0	40.0
CPMO (SGR)	12.0	129.0
Escalators Rehabilitation	10.0	118.0
Bus Procurement	10.0	100.0
CQ310/CQ311 Life Extension	10.0	21.0
Grand Total:	\$ 226.4	\$ 1,967.1

Top 10 Projects consume approximately 55% of the FY21 CIP

Top Tier Capital Projects by Cost

FY21 - Federal Grant Funding - Capital Projects

[\$ millions]

\$M

Capital Project Description	Total CIP	Federal Share
Track Renovations IV	\$ 33.6	\$ 19.4
Elevator/Escalator Rehab Program	16.0	12.8
TCSU	15.0	10.0
AVIS ES/PA Upgrade	12.0	8.8
Bus Replacement Program	10.0	8.0
Emergency Trip Station (ETS) Grade	5.0	4.0
Bus Shelters & Benches	5.0	4.0
Grand Total:	\$ 96.6	\$ 67.0

Sources & Uses

Proposed FY21 More MARTA – Sources & Uses of Funds City of Atlanta

\$M

More MARTA - City Of Atlanta

Project Name	FY21
Capitol Ave./Summer Hill (BRT)	\$2,500,000
Campbellton (LRT)	\$2,000,000
Street Car East Ext. (LRT)	\$3,000,000
Street Car West Ext. (LRT)	\$250,000
Beltline Southwest (LRT)	\$250,000
Bankhead	\$750,000
Five Points Station Enhancement	\$3,500,000
Greenbriar (TC)	\$0
Moore's Mill (TC)	\$0
Vine City	\$0
Clifton Corridor (LRT)	\$1,500,000
Beltline Northeast (LRT)	\$0
Beltline Southeast (LRT)	\$0
Beltline West (LRT)	\$0
Northside Drive (BRT)	\$0
Peachtree Rd Route 510 (ART)	
Cleveland Ave. Route 578 (ART)	\$375,000
Metropolitan Pkwy Route 595 (ART)	\$375,000
North Avenue Phase 1 (BRT)	\$250,000
North Avenue Phase 2 (BRT)	\$0
Planning CPMSupport	\$1,000,000
CPMO More Marta Atlanta	\$1,000,000
Contingency Atlanta	\$0

\$16,750,000

Sources & Uses

Proposed FY21 More MARTA – Sources & Uses of Funds Clayton County

\$M

More MARTA - Clayton County	
Project Name	FY21
Clayton County HCT	\$1,500,000.00
Clayton Bus Facility Real Estate	\$800,000.00
Clayton County Maintenance Facility	\$600,000.00
Clayton County BRT	\$1,700,000.00
CPMO Clayton	\$1,000,000.00
Contingency Clayton County	\$3,300,000.00
\$8,900,000.00	

Thank You...