

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

May 30, 2019

The Board of Directors Business Management Committee met on May 30, 2019 at 12:03 p.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Roberta Abdul-Salaam
Jim Durrett, **Chair**
Roderick E. Edmond
William 'Bill' Floyd
Roderick A. Frierson
Jerry Griffin
Freda B. Hardage
John 'Al' Pond
Rita A. Scott

MARTA officials in attendance were: General Manager/ CEO Jeffrey A. Parker; C-Suite Team Members Chief Administrative Officer Luz Borrero, Chief of System Safety, Security & Emergency Management/Police Wanda Dunham, Chief Financial Officer Gordon L. Hutchinson, Chief Counsel Jonathan Hunt (Acting), Chief of Capital Programs, Expansion & Innovation Franklin Rucker and Chief of Rail Operations David Springstead; AGMs, Marsha Anderson Bomar, LaShanda Dawkins, James Sibert (Interim), Kirk Talbott, Emil Tzanov and Tom Young (Interim); Chief Information Security Officer Dean Mallis; Executive Director Paula Nash; Directors Rhonda Allen, Debbie Frank and Jacqueline Holland (Acting); Manager Stephany Fisher; Sr. Executive Administrators Ashanti Boothe and Keri Lee. Others in attendance Adrien Carter, Abebe Girmay, Cedric Griffin, Courtne Middlebrooks, LaTonya Pope and Akio Turner.

Also in attendance Richard Campbell of CERM; Helen McSwain of Rohadfox; Angela Schwarz of Atkins and David Wickert of the AJC.

Approval of the April 25, 2019 Business Management Committee Meeting Minutes

On motion by Mr. Pond seconded by Mrs. Hardage, the minutes were unanimously approved by a vote of 8 to 0, with 8 members present.

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Resolution Authorizing the Award of a Contract for the Brokerage Services for the North Avenue Station TOD RFP Process, LOA L44354

Mrs. Frank presented a resolution authorizing the General Manager/CEO or his delegate to enter into a contract with Jones Lang LaSalle (JLL) for brokerage services for the North Avenue Station TOD RFP process.

In April 2019, the Board approved solicitation of proposal for the North Avenue TOD. It was indicated during that time to secure brokerage services to supplement MARTA's procurement process. This would ensure global exposure of the development opportunity at the North Avenue Station.

MARTA reached out to four (4) brokerage firms: CBRE, Colliers International, Cushman & Wakefield and JLL. Of the four (4) firms, two (2) were short-listed and JLL was ultimately selected.

The Authority is confident that JLL will provide a strategic approach to market the North Avenue Station. JLL has an extensive technical expertise of knowledge of transit-oriented development, the public procurement process and familiarity structuring complex ground leases. JLL also has history with US Transit Agencies and the FTA.

The contract term is for one (1) year with three (3) one-year options. The fee for service is estimated at \$700,000 - \$900,000 that would be paid for by the selected Development Partner.

MARTA's only expense would be reimbursable costs to JLL up to \$10,000.

Dr. Edmond said it was mentioned that JLL has expertise in ground leases. He asked would JLL provide legal services.

Mr. Hunt said there will be outside counsel, however, JLL would not provide legal services.

On motion by Mr. Griffin seconded by Mrs. Hardage, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution Authorizing the Modification of an Agreement for MARTA Communications Service Manager, LOA L39782

Mr. Talbott presented a resolution authorizing the General Manager/CEO or his delegate to amend the Contract with TIBCO Software, Inc. to increase the contract value for

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MARTA Communications Service Manager effective October 17, 2019 to October 16, 2022.

This procurement would be funded with 100% Local Operating Funds from the approved FY20 budget, requesting additional funds in the amount of \$83,415.15.

On motion by Mr. Pond seconded by Mr. Griffin, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution Authorizing a Modification in Contractual Authorization for Trapeze Master Agreement, RFP P34149

Mr. Talbott presented a resolution authorizing the General Manager/CEO or his delegate to amend the current contract to extend services for Trapeze Master Agreement, RFP P34149 with Trapeze Software Group, Inc. The term would be extended for an additional four (4) years with no additional funds required.

The MARTA Technology Department requests an extension of the Trapeze Master Agreement that expires November 30, 2019 for four (4) years. The purpose of the extension is to perform necessary upgrades of the hardware and software to modernize the current technology platform to suit the needs of the Authority and its customers. Additionally, the contract extension will provide Technology with the necessary time to initiate the Request for Proposals (RFP) process to identify alternative solutions to the Trapeze products that are currently in place.

Mr. Floyd asked how could the contract extend for four (4) years without increasing the cost.

Mr. Talbott said initially the Authority wanted to expand the Trapeze Contract with anticipation of implementing additional functions. Once the contract was reviewed, staff determined that expanding the Trapeze footprint was not in the best interest of the Authority. The funds that were allocated for use during that time, will be used for the maintenance and operations in the existing Trapeze footprint.

Mr. Frierson asked does the Trapeze footprint communicate the routes that bus operators must take.

Mr. Talbot said there are devices located inside the buses which display and track the routes of bus operators. The components are provided by Trapeze's older CAD AVL model. This system provides information regarding the operator's location. Current solutions installed would have turn-by-turn directions similar to vehicle navigation systems but tailored for the bus community.

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Mr. Durrett said CAD and AVL was mentioned several times. He asked what is the meaning of CAD AVL.

Mr. Talbott said CAD is Computer Agent Dispatch. CAD is the software component which indicates the locations of operating buses. AVL is Automatic Vehicle Location which displays the location of MARTA's buses to riders. The AVL also transmits the location of bus via signage.

On motion by Mr. Griffin seconded by Ms. Abdul-Salaam, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Resolution to Adopt Fiscal Year 2020 Operating & Capital Funds Budgets

Mr. Hutchinson presented a resolution to adopt the Fiscal Year 2020 Operation and Capital Funds Budgets. This resolution also allows for the utilization of prior year carry-over to fund operating and capital costs.

Budgetary Objective

- Produce a balanced budget with contingency
- Promotes optimal performance
- In a cost-effective manner
- For long term sustainability

FY13-FY19 Favorable Historical Financial Performance

- Seven Years of surpluses due to:
 - Strong Metro Atlanta Economic Growth and Tax Receipts
 - Expenses Controls
 - One-time Non-Recurring Revenues
- Past performance does not guarantee future results
- Expenses are growing at a faster rate than revenues over the last two fiscal years
- FY20 Budget is balanced

FY20 Operating Revenues - \$513.9M (2.7% Increase over two years)

- Sales Tax/Ad Valorem - \$290.2 (56.5%)
- Passenger Revenue - \$122.6 (23.9%)
- Federal Operation Assistance - \$79.4 (15.5%)

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FY20 Net Operating Expenses - \$513.9

- Labor- \$361.0 (70.2%)
 - Salaries
 - Wages
 - Benefits
 - Overtime

FY20 Capital Budget Assumptions

- Projects under contract or in late stage of procurement
- Service policy directives
 - Bus and mobility fleet requirements
 - Rail fleet requirements
- Prioritization
 - Life/Safety critical assets
 - Security/ Regulatory requirement
 - Operations critical projects
 - State of Good Repair/Risk
- System Expansion
- System Enhancements

FY20 Capital Improvement Program- Funding Sources

- Debt Issue - \$270.0M (47%)
- Sales Tax - \$238.3M (42%)
- Federal Funds - \$35.0M (6%)
- Carryover - \$25.0M (5%)

FY20 Capital Expenditures

- Debt Services - \$150.9M (28%)
- Systems - \$1.470M (27%)
- Vehicles - \$106.2M (20%)

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More MARTA – Sources of Funds

- Clayton – (\$124.9M)
- City of Atlanta – (\$103.4M)
- Total – (\$228.3)

More MARTA – Uses of Funds

- Clayton – (\$16.5M)
- City of Atlanta – (\$23.5)
- Total – (\$40.0M)

FY20 Proposed Debt Position

- Closing Debt Position (2,268B)

FY20 Key Objectives Budget Development Process

- Produce a Balanced Budget
- Improve the Quality of Service
- Enhance Service Levels
- Produce New Buses & Rail Cars
- Advance More MARTA
- Reevaluate Board's Policy on Fare Increase

Mr. Pond asked for an explanation of \$67.5M for capital allocation from the proposed operating expenses.

Mr. Hutchinson said the Authority currently have several full and part-time employees that support the Capital Program. The program is structured for all employees to charge their timesheet to operations unless they submit an approved timesheet requesting to charge their timesheet to capital programs. The \$67.5M is an estimate of total value of time labor.

Mr. Pond said the actual overtime budget has consistently been over budget for the past several years. He asked should the overtime budget be increased to prevent exceeding future proposed budgets.

Mr. Hutchinson said the Authority has budgeted to hire more bus operators and mechanics. Hiring unfilled positions will help reduce overtime usage.

Dr. Edmond said the actual overtime budget has exceeded the proposed budget for over eight (8) years. Can the projected overtime budget be increased.

Mr. Hutchinson said the budget has been increased to reflect overtime.

Dr. Edmond asked can the budget be increased more.

Mr. Parker said there are several areas within the Authority (bus operators, police, bus and rail mechanics) that require overtime. Significant strides resulted in an increase of bus operators from ten (10) to thirty (30) per month. The Authority will take necessary steps to have a balanced budget for the upcoming years.

Mr. Durrett said it's important for the Board and staff to keep an eye on future projections for the upcoming fiscal years. Thinking strategically on controlling cost and attracting additional funding could be beneficial to the Authority.

Ms. Abdul-Salaam said referring to federal operating assistance, what are the estimated expectations for the upcoming year.

Mr. Hutchinson said the Authority has estimated \$794M for FY20.

Mrs. Scott asked if Mobility was listed under a separate category.

Mr. Hutchinson said Mobility was contracted to MV Transportation Services and is listed under contractual services.

Mr. Pond acknowledged Mr. Hutchinson for a great presentation. He asked since the Authority is close to the end of the year, could FY19 be used instead of FY20.

Mr. Hutchinson said staff begins preparing for the fiscal year typically during February. The Board Retreat was scheduled later in the year, which made it challenging to present hard numbers calculated in February. This is one reason the Authority used FY20.

Mr. Frierson said state funds listed under FY20 Funding Sources indicates zero (0) dollars. He asked why is this a line item.

Mr. Hutchinson said in the past, the Authority has received state funds to upgrade train stations via the Audio Visual Information System (AVIS) Program. Also, listing zero (0) dollars highlights that the Authority receives minimum funding from the state.

On motion by Mr. Griffin seconded by Mrs. Hardage, the resolution was unanimously approved by a vote of 9 to 0, with 9 members present.

Briefing – FY2019 March Financials and Key Performance Indicators

Mr. Hutchinson presented FY2019 March Financials and Key Performance Indicators.

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Year-to-Date Operating Performance (Actual)

- Net Revenues – \$379.6M
- Net Expenses – \$357.7M
- Net Surplus – \$21.9M
- 18% greater than budget

Year-to-Date Operating Revenues and Expenses

- Expenses – overall positive
 - Salaries & wages
 - Overtime
 - Benefits

Current Month Operating Performance (March 31, 2019)

- Net Revenues – \$41.2M
- Net Expenses – \$42.6M
- Net Deficit – \$1.4M

Sales Tax Required to Fund Operating Expenses (March 31, 2019)

- Sales Tax Receipts – \$189.8M
- Sales Tax Required to Fund Operating Expenses – \$167.9M
- Use of Sales Tax Receipts FY 2019 – \$21.9M
- 42% sales tax to fund operations

Under Budget

- Net Operating Revenue and Expenses
- Cumulative Net Operating Expenses
- Gross Labor Expenses
- Cumulative Gross Labor Expenses
- Combined Ridership
 - Rail ridership – remains strong
 - Bus ridership – decreasing
- Bus Collision per 100K Miles

Over Budget

- Rail On-Time Performance
 - Improving along with mechanical fleet
- Mobility Ridership

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Mr. Durrett said some time ago, the Authority instituted a ridership education program for the Mobility community. This program was to identify opportunities for individuals utilizing Mobility services and refer them to use MARTA's regular service. He asked does staff have an assessment to measure the outcome of the program.

Mr. Parker said staff has measured some aspects of the program and would provide an update during a future meeting.

Ms. Abdul-Salaam said during the Mobility Conference, there were great presentations from transit agencies around the country advertising On Demand Service. She asked if MARTA was considering implementing such service.

Mr. Hardage said On Demand Service will be presented during the Transit Board Members and Board Administrators Seminar in Jacksonville, FL.

Mr. Young said MARTA is actively working with a supplier, viewing pilots for On Demand service. Also, internal working groups from the Planning, Operations & Safety and Legal Departments are discussing options of working with rideshare companies.

Other Matters

FY2019 March Performance Indicators (Informational only)

* * *

Adjournment

The meeting of the Operations Committee adjourned at 12:47 p.m.