

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

February 27, 2012

The Board of Directors Business Management Committee met on February 27, 2012 at 10:08 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Robert L. Ashe, III
Harold Buckley, Sr.
Wendy Butler
Jim Durrett
Roderick E. Edmond, Chair
Noni Ellison-Southall
Jannine Miller*

MARTA officials in attendance were: General Manager/CEO Beverly Scott; Deputy General Manager/COO Dwight Ferrell; Chief Business Support Services Theodore Basta, Jr.; AGMs Davis Allen, Deborah Dawson, Wanda Dunham, Ben Graham, Georgetta Gregory, Robin Howard, Mary Ann Jackson, Cheryl King, Rich Krisak, Elizabeth O'Neill, Gary Pritchett and Roosevelt Stripling (Acting); Sr. Directors Kevin Hurley, David Springstead and Donald Williams (Acting); Directors Cynthia Moss Beasley, Anton Bryant, Reginald Diamond, Garry Free, Lyle Harris, Donna Jennings, Connie Krisak, Knox O'Callaghan, Elvin Tobin and John Weber; Managers Paul Grether, Tony Griffin, Robert H. Thomas, James Watkins and Beverly Williams. Executive Manager to the Board Rebbie Ellison-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Executive Administrator Renee Willis; Department Administrator Kelli Wright; Finance Administrative Analyst Tracy Kincaid. Others in attendance Frederick Askew, Doug Chambers, Cathy Gesick, Barbara Levitt, Josh Piermarini, Anthony Pines, Srinath Remala, Charisse Richardson and Zaheer Wadhwanian.

Also in attendance Charles Pursley, Jr. of Pursley of Pursley, Lowery & Meeks; Joshua Mello and William Jones of City of Atlanta; Emil Runge of Fulton County; Jeffrey Boothe of Holland & Knight LLP; Pam Alexander of LTK; Matt Pollack of MATC; Bob Titus of NPUW; Jim Brown and Jeff Lowe of URS.

*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.

Approval of the January 30, 2012 Business Management Committee Meeting Minutes

On motion by Mr. Durrett seconded by Mr. Buckley, the minutes were unanimously approved by a vote of 4 to 0, with 4 members present.

Resolution Authorizing Award of a Contract for Design-Build Services on the Atlanta Streetcar Project, RFP P21954

Mr. Ferrell presented this resolution for Board of Directors approval authorizing the General Manager/CEO or her delegate to award a contract to URS Energy and Construction, Inc. for the Atlanta Streetcar Design Build Contract.

The procurement was conducted through a two-step process that included first issuance and evaluation of responses to a Request for Qualifications and then issuance and evaluation of responses to a Request for Proposals.

Eight (8) firms responded to the Request for Qualifications. The four (4) highest ranked were invited to submit proposals.

The Source Evaluation Committee consisted of representatives from:

- City of Atlanta (3 Representatives)
- Atlanta Downtown Improvement District (ADID) (2 Representatives)
- MARTA (2 Representatives)

Dr. Edmond asked if MARTA has assurance that URS will meet the DBE goal for the project.

Mr. Ferrell said the DBE goal for this contract is 30%; the developer had firm commitments totaling 19.34% at the time of proposal submission. The firm also has required its major non-DBE subcontractors to also subcontract 30% of their work to DBE firms.

Dr. Edmond asked how will MARTA know if the commitment is kept.

Mr. Ferrell said MARTA's DEO Department will monitor the contract throughout its duration.

Dr. Edmond asked if there will be any repercussions for not meeting the goal.

Mr. Ferrell said MARTA has received every indication from URS that they will meet this goal. MARTA is very confident the firm will meet the goal.

Dr. Edmond asked about the 12% contingency.

Mr. Ferrell said the amount of the award, \$46M, is what URS said it would take to complete construction. A 12% contingency was placed on it should there be something that no one anticipated in terms of excavating in the streets of Downtown Atlanta. That amount will only be entered into with the concurrence of the City of Atlanta and ADID.

Dr. Edmond said the funds are not MARTA funds.

Mr. Ferrell said that is correct.

Mr. Ashe asked if the recommendation from the Source Evaluation Committee was unanimous.

Mr. Ferrell said yes.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 4 to 0, with 4 members present.

Resolution Authorizing CBS Rail Network Contract Modification, RFP P4649

Mr. Griffin presented this resolution for Board of Directors approval authorizing the General Manager/CEO or her delegate to modify the CBS Rail Network Contract to combine the agreements of SignPost Networks, LLC and CBS Rail Networks into a single comprehensive agreement. The modified agreement will eliminate CBS Rail Networks, LLC remaining guarantees in the amount of \$1,725,000 and allow CBS Rail Networks, LLC to assume the remaining SignPost Networks, LLC minimum guarantees in the amount of \$2,140,000.

Mr. Durrett said if the Board approves this, MARTA would over this term, through 2019, receive approximately \$420,000 as opposed to incurring approximately \$200,000 in maintenance and operations costs.

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Mr. Griffin explained that elimination of SignPost would eliminate \$2.14M in minimum guarantees. With CBS absorbing SignPost, they would assume the \$2.14M in guarantees.

Mr. Durrett said MARTA would be giving up the \$1.725M.

Mr. Griffin said yes, MARTA would be giving up the \$1.725M on the Rail Network.

Mr. Durrett said that is about \$400,000.

Mr. Griffin said it is approximately a \$415,000 net increase than what MARTA would have received.

Mr. Durrett said MARTA would avoid \$200,000.

Mr. Griffin said correct. MARTA would not incur the cost of approximately \$200,000 of having to operate the system.

Dr. Edmond said MARTA was getting \$2.1M from SignPost and \$1.7M from CBS. The \$1.7M is gone. CBS is picking up the \$2.1M but they are also going to do what SignPost was doing.

Mr. Griffin said that is correct.

Dr. Edmond said CBS is taking on SignPost's work at the cost of \$400,000.

Mr. Griffin said that is correct.

Dr. Edmond asked if any effort was taken to get another company to do the work for more than \$400,000.

Mr. Griffin said SignPost put the company up for sell in early 2011. Unfortunately, they were unable to find any company willing to take on the responsibility. At this point, MARTA does not know of anyone willing to do this.

Dr. Edmond asked what has MARTA done to identify companies that perform this type of work; is there someone in the marketplace that can do the job for less than \$2.1M but significantly more than \$400,000.

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Mr. Griffin said MARTA was up against a strict timeline to find someone that would take on the contract which ends March 31, 2012. CBS was the only company that MARTA knew of willing to take on the contract and keep the \$2.1M.

Mr. Ashe said it is correct to infer that MARTA would get less than the \$2.1M combined if this went out for bid.

Mr. Griffin said Staff strongly believes that MARTA may not have any actual proposer if this was put out for bid.

Mr. Ashe said MARTA would go from what was almost \$3.9M in 2007 to less than \$2.1M.

Mr. Griffin said if this was put out for bid MARTA would keep the CBS Rail Network contract which is \$1.7M. It is Staff's opinion that MARTA would not have anyone to go out and market this medium and sell advertising on it. MARTA would be left to operate the signs and would lose the \$2.14M by putting this out to bid.

Mr. Ashe asked if MARTA has a contractual obligation to maintain them in order to continue to receive the \$1.725M.

Mr. Ferrell said due to the Next Train feature, MARTA would pick it up as an amenity to its customers. If MARTA walks away, that information will be gone. SignPost will not do it so; MARTA Staff would have to pick up the maintenance and operation of those signs. It would not be about the advertising revenue, it would be about the next train information that scrolls across the bottom of the screen.

Mr. Ashe said CBS would still be responsible for the \$1.725M.

Mr. Ferrell said that is correct. MARTA is getting rid of the \$1.725M, not incurring any operating expense and getting the \$2.1M.

Dr. Edmond said that he understands the trade-off. However, this will lock MARTA into a long-term contract. MARTA could be receiving less than fair market value.

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DBE Program Requirements

- **MARTA developed a written DBE plan that has been approved by the FTA**
- **The DBE plan specifies the identification of a DBE Liaison Officer, who is responsible for implementing and monitoring the plan on a daily basis**
- **The DBE Liaison Officer reports to the General Manager/CEO as specified by the Federal DOT DBE regulations**
- **MARTA's DBE plan requires the review of contracts and procurements to ensure that inhibitive factors are removed and opportunities for DBE participation are denoted**
- **MARTA developed a three-year DBE goal of 27.7%, which has been approved by the FTA**
- **Each contract is respectively assessed to determine the level of DBE participation that is possible, if any**
- **DBE contract goals are determined using the formula specified in the Federal DOT DBE regulation**
- **The level of DBE availability in the North American Industrial Classification System Codes applicable to a project is key to whether a DBE goal is developed for a contract**
- **Only firms certified by the Georgia Unified Certification Program can be used to meet the DBE goals established for given contracts**
- **The Georgia Unified Certification Program is administered and monitored by MARTA and the Georgia Department of Transportation (GDOT) in partnership**
- **The DBE certification process requires a detailed analysis of the financial, legal, ownership and organizational configuration of a firm, which takes on the average of 30 days or more**
- **DBE participation is monitored from the beginning to the end of a contact to ensure that the attainment of the DBE commitment level put forth by the Prime Contractor is actively met**

Recent Changes in the DBE Regulation affecting MARTA's program:

- **The personal Net Worth Threshold of the Minority and/or Women owners of a firm was increased from \$750,000 to \$1,320,000 to account for inflation**

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- Guidance has been provided on how to count DBE purchases from Prime Contractors
- The creation of a requirement that dictates grantees must have a definitive process that requires their prior written approval before a Prime Contractor can terminate a DBE
- Denotation of timeframes for how long DBE certifications should last
- Requirements for improving post award oversight
- Procedures on how to handle interstate certifications
- A mandated requirement that all grant recipients must have a Small Business Enterprise (SBE) Program as a subset of their larger DBE program

Actions Required:

- All but two of the new DBE regulatory requirements have been included in MARTA's existing DBE program for some time
- MARTA has modified its DBE program Personal Net Worth form to reflect the new threshold
- MARTA developed a proposed SBE Program submittal to the FTA by the due date of February 28, 2012
- The SBE Program will be tested in the Authority's small contract area (i.e., less than \$99,999) for one (1) year
- Staff will report back to the Board on the SBE Program's usefulness and effectiveness in meeting the DBE goal as one of many race neutral approaches employed by the Authority

Briefing – FY 2013 Capital Budget Update

Mr. Hurley briefed the Committee on the FY 2013 Capital Budget Update.

Capital Improvement Committee (CIC)

- FY12 lessons learned incorporated for FY13
 - o CIC to focus on project delivery, management and reporting (schedule/budget adherence)
 - o Additional scrutiny placed on Operating Budget impacts

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- Evaluation of new projects or changes to existing projects
 - Safety, Security and State of Good Repair are top priority
 - Continuation of comprehensive Asset Management update
 - Committee will strictly adhere to presentation of new initiatives and existing project change deadlines
 - Project Owner will sign for their approval of project changes or new submittals
- CIC Makeup
- Sr. Director, Treasury Services
 - Director, Program & Contract Management
 - Director, Financial Management & Budget
 - Director, Contracts & Procurement and Materials
 - Sr. Director, Engineering & Development
 - Director, Bus Maintenance
 - Director, Technology Enterprise Planning & Management
 - Manager, Regional Planning & Analysis
 - Manager, Quality Assurance
 - Transit Police Sergeant
 - Chief Corporate Law
 - Executive Director, DEO
 - Director, Accounting

Project Prioritization Methodology

- Projects with contracts ready to close out will be completed and closed
- Projects with contract commitments will be completed
- Safety critical and regulatory projects will be completed as planned
- Projects with grant funds will proceed as planned
- New project request considerations
 - Operational Efficiency

- Cost improvements
 - Revenue Generation Opportunities

Capital Budget Financial Model Assumptions

- FY13 Model Assumptions are the same as FY12
- Capital Sales Tax allocation same forecast for FY11 and FY12
 - Results in \$62.5M being flexed to operating
 - Limiting capital expenditures to executable levels
 - Keeps debt issues in line with actual need

Project Delivery

- Decrease Budget – bring staff in to execute

Top Ten System Projects by Cost – FY13 Proposed Budget

1. Train Control Systems Upgrade	\$46,365,000
2. Brady Mobility Facility	\$38,000,000
3. FY13 Bus Procurement	\$26,712,000
4. Voice Com Infrastructure	\$13,540,000
5. Buckhead Station North Entrance	\$13,500,000
6. Integrated Operations Center	\$13,209,000
7. Fire Protection Systems Upgrade	\$12,525,000
8. Replace Running Rail & Yard Switch Ties	\$7,500,000
9. At-Grade Track Slab Rehab	\$6,925,362
10. Upgrade Aging Equipment – Desktop	\$6,470,000

TIA Project Inclusion

- All State of Good Repair Projects put forth in the TIA request exist in the current CIP for consideration
 - Electrical Power Rehabilitation
 - Elevator/Escalator Program
 - Aerial Structures Rehabilitation

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- Tunnel Lighting and Ventilation
- Planning components of the TIA Expansion Projects are included in the CIP for consideration in order to meet programmed execution dates
 - Clifton Corridor
 - I-20 East
 - North Line

Potential Impact Items

- Changes to Federal Transportation Funding
- TIA Funding Approval
 - SOGR
 - Expansion Initiatives
- New Capital Project Submissions/Updates
 - Safety/Security/Regulatory
 - SOGR – Asset Management Update
 - Operating Impacts
 - KPMG Audit Recommendations

Capital Budget Development Schedule

- Call for Projects – November 22, 2011
- New project/project change requests – December 12, 2011
- CIP Executive Summary of Submitted Projects to EMT/CEO – Early January 2012
- CIC/Sponsor presentation meetings begin – January 5, 2012
- Capital Budget Assumptions briefing to Business Management Committee – February 27, 2012
- CIC submits recommended draft prioritization/program to EMT for review/approval – February 29, 2012
- Prepare final recommended FY13 Capital Budget per EMT input
- Submit to the Board – April 2012 (Public Hearing Approval)

Dr. Edmond asked if the forecast decreased.

Mr. Allen said the Capital Budget is based on the March Sales Tax forecast.

Dr. Edmond said it is more conservative.

Mr. Allen said that is correct.

Ms. Miller asked for an estimate on all projects.

Mr. Hurley said staff would provide that information.

Briefing - December Monthly and December Year-to-Date FY 2012 Budget Variance Analysis and Financial KPIs

Mr. Allen briefed the Committee on December Monthly and December Year-to-Date FY 2012 Budget Variance Analysis and Financial KPIs .

- December actual Revenues were unfavorable by \$1M, or 3.4% due to the combined effects of:
 - Unfavorable Sales Tax variance of 2.5% which under-performed relative to the December plan as forecasted by GSU Economic Forecasting Center
 - Unfavorable variance in Passenger Revenues of 5.7%, which was lower than budget even though ridership was higher than projected due to anomalies that are being researched
- On a December YTD basis, actual Revenues were unfavorable by \$1.4M, or 0.7%
 - Sales Tax Receipts had an unfavorable variance of \$3.2M
 - Passenger Revenue exceeded budget by \$1.7M
- Actual Expenses were under budget (favorable) by \$4.4M, or 12.6%, in the month of December
 - Overtime Expenses were 22.3% over budget, due primarily to vacancies and not being fully reimbursed for Capital Projects
 - Benefits were favorable by \$1.1M due primarily to Union Pension and Workers Comp losses being less costly than planned

- On a December YTD basis, Net Operating Budget Expenses were under budget (favorable) by \$11.4M, or 5.5%
- The YTD actual Net Operating Loss of \$5.4M requires a Sales Tax Subsidy of 61.3%
 - The annual Budgeted Sales Tax Subsidy is 64.5%
- Key Financial Performance Indicators
 - Budget Variance was favorable at -12.65% under budget
 - Combined Ridership was 10.7M unlinked passenger boarding, which exceeded the forecasted total of 9.5M
 - Cost per Bus Passenger Trip of \$3.18 in December was better than the forecast of \$4.32 by 26.4%
 - Cost per Rail Passenger Trip of \$2.32 in December was better than the forecast of \$2.83 by 18%
 - Cost per Mobility Passenger Trip of \$28.76 in December was better than the forecasted \$40.33 by 28.7%

Briefing - December FY 2012 Key Performance Indicators

Mr. Basta briefed the Committee on December FY 2012 Key Performance Indicators (KPIs).

- Average Customer Call Wait Time – December performance of 18 seconds resulted in a decrease of 17 seconds when compared with previous month
 - Additional staff support in the Customer Service Call Center improved the performance in this area
- Customer Call Abandonment Rate – December performance of 2.01% resulted in a decrease of 2.14% when compared with the previous month
 - Additional staff support in the Customer Service Call Center improved the performance in this area
- Bus OTP for December was 74.55%, a decrease of 0.08% from the previous month and below the set target of 75%
- Bus MDBF – overall breakdowns decreased from 668 to 664 for the month of December

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Mr. Ferrell said Staff considered the fact that SignPost could not sell themselves. MARTA would be out in the market trying to find the same people SignPost could not find.

Dr. Edmond said there is a difference between buying a business and picking up a piece of work.

Mr. Ferrell said in the interim MARTA would have to pick up the operating expense. Staff tried to come up with the best deal under the circumstances.

Dr. Edmond asked about the next Budget briefing.

Mr. Allen said March 26. Dr. Scott is planning to pre-brief at the next Work Session on March 5.

Dr. Edmond said the Board needs more information and offered a friendly amendment to hold the item until the next Board Meeting. He added that MARTA needs to find other companies that can do this.

Mr. Buckley made a motion to move the resolution forward without recommendation.

Mr. Durrett seconded. The motion was approved by a vote of 4 to 0, with 5 members present.

Mrs. Southall abstained.

Briefing - DBE Program

Mr. Diamond briefed the Committee on the Federal Department of Transportation (DOT) Disadvantaged Business Enterprise (DBE) Program requirements and recent changes in regulation.

The Federal DOT has DBE regulation, 49 CFR Parts 23 and 26, that is designed to level the playing field for Minority and Women Owned Business Enterprises while maximizing their participation in contracts and procurement emanating from Federal grant awards.

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- **Bus Complaints goal for December was met by achieving 8.48 customer complaints per 100K boardings (the FY12 goal was decreased from 15 to 12)**
- **Rail OTP was 98.1% which exceeds the target goal of 97.5%**
- **Rail MDBF – for the month of December, a total of 69 service impacting incidents were attributed to Rail Vehicle mechanical systems**
- **Rail MDBSI – the Authority’s monthly goal of 550 miles was achieved for the month of December and the annual target was met as well, actual Rail MDBSI for December was 904**
- **Rail Complaints – Rail Operations received 0.43 complaints per 100K boardings**
- **Mobility OTP for December was 86.55%, not meeting the goal of 92%**

Other Matters

Mr. Daniels referenced Agenda item #8 - Other Matters - asking Board Members to review the following:

- a) **Ridership Update (January 2012)**
- b) **Fiscal Year 2012 - July Through December 2011 - Small Purchase Report**

Adjournment

The meeting of the Business Management Committee adjourned at 11:47 a.m.