

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

October 29, 2012

The Board of Directors Operations Committee met on October 29, 2012 at 10:56 am 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
Roderick E. Edmond, *Chair*
Barbara Babbit Kaufman

MARTA officials in attendance were: General Manager/CEO Dwight A. Ferrell (Acting); AGMs Davis Allen, Wanda Dunham, Ben Graham, Georgetta Gregory, Robin Howard, Mary Ann Jackson, Cheryl King, Miriam Lancaster (Acting), Ryland McClendon, Elizabeth O'Neill and Louise Williams-Jackson; Sr. Directors Kevin Hurley and Don Williams; Directors Anton Bryant, Sharon Crenchaw, Garry Free, Lyle Harris, Rod Hembree, Walter Jones, Barbara Kirkland, Knox O'Callaghan, Antoine Smith (Acting) and Carol Smith; Managers Joyce Brown, Donna DeJesus, Roosevelt Stripling, Robert H. Thomas and Denise Whitfield; Executive Manager/Assistant Secretary to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Executive Administrator Renee Willis; Finance Administrative Analyst Tracy Kincaid. Others in attendance Ricky Chambers, Yvonne DeBollette, Anthony Pines, Srinath Remala, Charisse Richardson, Gregory Snyderman and Tuan Vo.

Also in attendance Charles Pursley, Jr. of Pursley, Lowery & Meeks, LLP; Woody Vaughn of King & Spaulding; Pam Alexander of LTK; Thomas Lauth of McKenna Long & Aldridge; Matt Pollack of MATC; Michael McDonald of Public Financial Management; Richard Markwith of TranSystems; Jim Brown and John Oliver of URS.

Approval of the September 24, 2012 Business Management Committee Meeting Minutes

On motion by Mr. Daniels seconded by Mr. Durrett, the minutes were unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Award of a Contract for the Procurement of MARTA Concessions Snack Vending, Request for Proposals Number P25327

Ms. Whitfield presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to enter into a contract with Gilly Vending for the procurement of MARTA concessions snack vending.

On motion by Mr. Buckley seconded by Mr. Durrett, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Execution of a Federal Transit Administration State of Good Repair Program Grant

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to execute, on behalf of MARTA, a State of Good Repair Capital Program Discretionary grant from the Federal Transit Administration (FTA).

The proposed grant from the FTA would result in the receipt of a total of \$6,843,200 in federal capital financial assistance to MARTA. MARTA would provide the required 20 percent non-federal matching share in the amount of \$1,710,800 from local capital funds.

The proposed resolution would authorize MARTA to execute a grant of discretionary federal assistance for the following two (2) projects recently selected by FTA to receive State of Good Repair program funding:

- Hamilton Bus Facility (Phase II)
- Asset Management Program (Phase II)

Mr. Daniels asked if MARTA has the matching local funds.

Mr. Allen said yes.

On motion by Mr. Durrett seconded by Mr. Daniels, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Execution of a Federal Transit Administration New Freedom Program Subgrant with Gwinnett County

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to execute, on behalf of MARTA, a Federal Transit Administration (FTA) New Freedom Program Subgrant Agreement with Gwinnett County, which would pass-through \$182,916 in FTA New Freedom funding to the County for continuation of the Gwinnett "Project Get in Gear" Program to provide mobility management and transportation voucher services to assist persons with disabilities, including elderly persons with disabilities, residing in Gwinnett County.

The proposed subgrant would have no impact on MARTA's funding, as Gwinnett County will provide the local matching share in the amount of \$118,304 for this project. The FTA grant would cover the associated MARTA staff Program Administration costs.

Dr. Edmond asked if MARTA has had any issues with Gwinnett County in the past.

Mr. O'Callaghan said no.

Mr. Daniels asked why is this being accepted.

Mr. O'Callaghan said it is a very short-term, simple project.

Mr. Durrett asked if the costs are included.

Mr. O'Callaghan said yes, 100% can be federally funded.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing the Issuance of Series 2012C and 2012D Commercial Paper Note

Mr. Hurley presented this resolution for Board of Directors' approval authorizing

the issuance, sale, execution, authentication and delivery of up to \$400,000,000 aggregate principal amount of Metropolitan Atlanta Rapid Transit Authority Sales Tax Revenue Commercial Paper Notes (Third Indenture Series), Series 2012, authorizing the execution, delivery and performance of a Ninth Supplemental Trust Indenture, Issuing and Paying Agency Agreements, Dealer Agreements and a Tax and Non-Arbitrage Certificate and Agreement, authorizing the acquisition of a credit or liquidity facility to be issued by Bank of New York Mellon for \$50M and the Bank of Tokyo for \$50M, approving the execution and distribution of the Official Statement, and making other provisions with respect to the sale of the Series 2012 Notes.

On motion by Mr. Durrett seconded by Mr. Daniels, the resolution was unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Amending the MARTA Non-Represented Pension Plan

Mrs. O'Neill presented this resolution for Board of Directors' approval to amend the MARTA Non-Represented Pension Plan and the MARTA Non-Represented Police Plan to eliminate wages earned through overtime pay (beyond a total of 2,300 hours annually) and sale of Paid Time Off from consideration as pensionable earnings, to decrease the annual interest earned by Deferred Retirement Option Program participants from the Fund during the deferred retirement period and to increase employee contributions by 1%.

Dr. Edmond asked if any feedback was received from staff.

Mrs. O'Neill said no.

Dr. Scott added this amendment was done based on results of the Hay Study.

Mr. Daniels asked why is the recommendation 2,300 hours.

Mrs. O'Neill said it is an effort to mirror what represented employees are receiving.

Mr. Allen said staff wanted to cut more but the Pension Committee wanted it the same.

Dr. Scott said this is a phasing in, a first major move. She added that a labor negotiation is coming up.

Mr. Daniels asked where is the recommendation coming from.

Mr. Allen said MARTA management and the Pension Committee.

Mr. Durrett asked how important is it to get this done now versus waiting on the new General Manager to weigh in.

Dr. Scott said if this is not implemented in January 2013, the Authority will have to wait another year.

Dr. Edmond asked if data has been reviewed from other agencies that had to do this.

Mrs. O'Neill said staff did review data from local jurisdictions with similar plans.

Mr. Durrett said the Board needs to be responsible with this. A cap is needed but without knowing what it took to get to this the Board has to trust the recommendation of staff. Employees need to know that it will be revisited.

Mrs. Kaufman said she serves as a representative of the Board on the Pension Committee and there is a lot more to this.

Mr. Buckley said the Board has to trust the thought process of the Committee.

On motion by Mr. Durrett seconded by Mrs. Kaufman, the resolution was approved by a vote of 4 to 0, with 5 members present. Mr. Daniels voted no.

Briefing - August Year-to-Date FY 2013 Budget Variance Analysis and Financial KPIs

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

During the month of August, total net revenues were \$0.7M or 2.2%, more than budget (favorable) due, for the most part, to a favorable variance of \$1.1 M or 8.2% in Sales Tax this month, which was attributed to sales tax receipts over-performing relative to plan as forecasted by the Georgia State Economic Forecasting Center.

Also during the month total net expenses were \$5.2M or 13.6% less than budget (favorable) due primarily to a favorable variance of \$2.7M or 70.7% in Capital charges due to more capital employees being hired as well as more full time employees charging to capital and a favorable variance of \$2.0M or 10.6% in Salaries & Wages due to vacancies.

Year-to-Date Operating Revenues

- On an August year-to-date-basis, actual Revenues were favorable by \$1.4M or 2.1 %
 - Of this amount, Sales Tax receipts were favorable by \$1.7M or 6.4% and Passenger Revenue was unfavorable by \$0.2M or 1.0%.
- The net overall favorable result in total Revenue was primarily due to the combined effects of the following:
 - Sales Tax receipts over-performing (6.4%) relative to plan
 - Passenger Revenue was virtually right on target, at 1% below YTD budget, due to ridership being lower (4.6%) than projected
 - Station Parking was lower at 6.6% below budget
 - Lease Income, particularly the Amortized Lease Income, was below budget by 2.4% due to the unwinding of two defeased lease transactions/traunches in June 2012.

Year-to-Date Budget vs. Actual Expense Performance

- On an August year-to-date basis, net operating budget expenses were under budget (favorable) by \$9.3M or 12.4%, primarily due to the combined effects of the following:
 - Salaries & Wages were favorable by \$4.3M or 11.4% on an August year-to-date basis. This positive variance was primarily due to net vacancies in a variety of positions throughout the agency
 - Overtime Expenses were 0.3% over budget (unfavorable) which is virtually on target

Benefits were on target – the unfavorable variance in workers compensation losses (\$2.1M) was due to strengthening the reserves for existing older cases to more accurately reflect the ultimate value of these cases; this unfavorable variance was offset by the favorable variances in the other benefits

- Contractual Services were \$1.5M or 27.8% under budget (favorable)
- CNG Fuel was \$0.02M or 2.4% under budget; virtually on target
- Diesel Fuel was \$0.2M under budget due to running fewer miles than planned
- Other Materials & Supplies were unfavorable by \$0.7M or 13.9% due primarily to the cost of fare media being expensed rather than being booked as contra revenue, as in prior years – this change became effective in July 2012.
- Other Non-Labor charges were \$1.2M or 21.1% under budget (favorable) due primarily to a timing difference in anticipated payouts associated with injury claims
- Capital charges were favorable at \$2.7M or 33.3% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of \$2.7M requires a sales tax subsidy of 52.5%, which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 59.9%

August Budget Variance

- The budget variance for the month of August was favorable at 13.63% below budget, mostly due to a favorable variance in labor cost (vacancies)
- FY13 YTD budget variance remains favorable at 12.38% below budget, mostly due to favorable variances in labor (vacancies), contractual services and fuel costs.

Combined Ridership

- Combined Ridership for the month of August was 11.5M unlinked passenger boardings, which fell short of the forecasted total of 11.8M by 336K trips or 2.8%
- FY13 YTD Combined Ridership of 22.2M unlinked trips is lower than forecasted 23.3M by 1.1 M or 4.6%

Bus Cost per Passenger Trip

- The Cost per Bus Passenger Trip of \$3.23 in August was better than the forecast of \$3.67 by \$0.44 or 12.0%
 - This favorable variance was due to net under-runs in budgeted expenses
- FY13 YTD Cost per Bus Passenger Trip of \$3.34 is better than the forecasted \$3.65 by \$0.31 or 8.5%
 - This favorable variance is due to net under-runs in budgeted expenses

Rail Cost per Passenger Trip

- The Cost per Rail Passenger Trip of \$2.31 in August was better than the forecast of \$2.58 by \$0.27 or 10.5%
 - This favorable variance was due to net under-runs in budgeted expenses
- FY13 YTD Cost per Rail Passenger Trip of \$2.37 is better than the forecasted \$2.57 by \$0.20 or 7.8%
 - This favorable variance is due to net under-runs in budgeted expenses

MARTA Mobility Cost per Passenger Trip

- The Cost per MARTA Mobility Passenger Trip of \$29.98 in August was better than the forecast of \$33.30 by \$3.32 or 10.0%
- This favorable variance was due to net under-runs in budgeted expenses
- FY13 YTD per Mobility Passenger Trip of \$31.68 is better than the forecasted \$33.17 by \$1.49 or 4.5%
 - This favorable variance is due to net under-runs in budgeted expenses

Mr. Daniels asked if the recent Breeze Card issue affected the Authority.

Mr. Allen said no.

Mrs. Kaufman said employment is increasing. Staff should take a closer look into Station Parking.

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Mr. Allen said staff would provide further information.

Mrs. Kaufman asked what is the highest Station Parking has been.

Mr. Allen said \$260K.

Dr. Scott added that MARTA saw that increase when gas prices skyrocketed approximately three (3) years ago.

Other Matters

Dr. Edmond announced that the following agenda items:

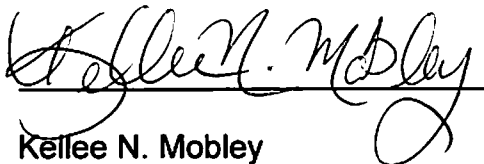
- #8a - May FY 2012 Ridership Analysis
- #8b - May FY 2012 Key Performance Indicators (KPIs)

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

Adjournment

The meeting of the Operations Committee adjourned at 11:41 am.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board