

MINUTES
MEETING OF THE BOARD OF DIRECTORS
BUSINESS MANAGEMENT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
April 30, 2015

The Board of Directors Business Management Committee met on April 30, 2015 at 11:14 a.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
Harold Buckley, Sr.
Robert F. Dallas
Frederick L. Daniels, Jr.
Jim Durrett, *Chair*
Jerry Griffin
Barbara Babbit Kaufman

MARTA officials in attendance were: General Manager/CEO Edward L. Johnson (Acting); Chief Operating Officer Richard A. Krisak; Chief Financial Officer Gordon L. Hutchinson; Chief Counsel Elizabeth O'Neill; AGMs Farouk Baksh (Acting), Robin Henry, Reginald Mason, Ryland McClendon and Donald Williams (Acting); Executive Director Ferdinand Risco; Sr. Directors LaShanda Dawkins and David Springstead; Directors Lisa DeGrace and Lyle Harris; Managers Alisa Jackson, Antoine Smith, Sherma Sobers and Uladia Taylor; Executive Manager to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Brenda L. Williams; Finance Administrative Analyst Tracy Kincaid. Others in attendance Davis Allen, Carlos Arietta, Abebe Girmay, Nicholas Gowens and Srinath Remala.

Consent Agenda

- a) Approval of the March 26, 2015 Business Management Committee Meeting Minutes
- b) Resolution Authorizing the Solicitation of Proposals for the Procurement of MARTA On-Line Benefits Administration and Enrollment Services, Request for Proposals P35714

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- c) Resolution Authorizing Award of a Contract for Authority-Wide Wireless Communication Devices Utilizing the State of Georgia, Georgia Technology Authority (GTA) Contracts, RFP P35443

On motion by Mr. Durrett seconded by Mrs. Kaufman, the Consent Agenda was approved by a vote of 7 to 0, with 7 members present.

Individual Agenda

Resolution Authorizing the Award of Sole Source Contract with Enghouse Transportation for TeleDriver 8.1.6. Driver Management System – Maintenance Support, LOA L35686

Mr. Baksh presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to enter into a Sole Source Contract with Enghouse Transportation for TeleDriver 8.1.6 Driver Management System Maintenance Support, in the amount of \$246,558.

Mr. Daniels said this is a relatively small contract. He asked if it will tie into MARTA's other systems.

Mr. Baksh said yes, TeleDriver has been in place for a long time.

Mrs. Abdul-Salaam asked how long has MARTA been using it.

Mr. Baksh said approximately 10 years.

Mr. Griffin said many times, once selected, it is difficult to change products - an agency can become trapped with the technology.

On motion by Mr. Durrett seconded by Mrs. Kaufman, the resolution was unanimously approved by a vote of 7 to 0, with 7 members present.

Briefing – FY2016 Operating & Capital Budget Briefing

Mr. Hutchinson briefed the Committee on the FY2016 proposed Operating and Capital Budgets.

Budget Development & Milestones Timeline

- January – The FY16 budget is projected at a high level and call packages are prepared
- February – Resource requests are submitted by MARTA departments to achieve strategic goals and objectives
- March – After comprehensive analysis, a preliminary budget is prepared for Board review
- April – After Board review, the proposed budget is submitted for Public Hearings
- May – Public Hearings and final revisions
- June – Budget officially adopted

FY16 Proposed Operating Budget

Current State – Fiscal Focus Accomplishments

- No fare increase since October 2011
- Ad Valorem revenue
- CNG fuel rebate
- Constrained costs
- FY14 year-end reserve balance \$166.2M
- 1% Lump Sum payout to Represented & Non-Represented employees
- Fare Evasion mitigation
- Increased rail service frequency

Proposed Assumptions & Initiatives

- Customer Focus
 - Implementation of Clayton County service, including security (Police) enhancements
 - Continuation of enhanced rail service that was implemented in May of 2014
 - Enhanced technology for customers communications (apps & digital announcements)
 - Implementation of the Integrated Operations Center (IOC) initiative

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- Q-Bus program & New Busses utilized for service
- Enhanced restroom and other station enhancement initiatives
- Employee Focus
 - Negotiated Union wage increases of 3%
 - Increased Union employee & Union retiree healthcare contributions
 - Increased Defined Contribution (DC) non-represented Pension from 3%-6%
 - Increased healthcare administrative costs, such as Affordable Care Act (ACA) and Secova healthcare payments
 - Implementation of a 3% planned merit increase for non-represented employees
 - Implementation of the Performance Management program
 - Enhanced training and leadership development opportunities
- Fiscal Focus
 - Revenue Highlights
 - No fare increase in base fare and other fare rates (deferred to FY17)
 - Surcharge increase for Breeze cards and tickets of \$1.00 and \$0.50, respectively
 - Holiday Group Pass program implementation
 - New Fiscal Initiatives
 - Ridership and Passenger Revenue enhancements – assumes benefits from additional fare evasion measures and increased promotional activities
 - Ad Valorem Legislative “make whole” provision will be included in bus budget for tax receipts
 - Absenteeism reduction strategy – overtime reduction included in expense budget FY16 budget similar to FY15
 - MARTA Transformation Initiative (MTI) Plan

FY16 Proposed Operating Budget

- Operating Revenue - \$458.7M

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- Operating Sales Tax - \$193.5M (42%)
- Ad Valorem "Make Whole" - \$9M (2%)
- Ad Valorem Tax - \$8.3M (2%)
- Passenger Revenue - \$142.1M (31%)
- Federal Operating Assistance - \$70.5M (16%)
- Other Transit Related - \$5.7M (1%)
- Lease Income (including TOD) - \$10.3M (2%)
- Clayton County Service - \$19.4M (4%)
- Net Operating Expenses - \$448.5M
 - Labor - \$318.1M (71%)
 - Contractual Services - \$30.6M (7%)
 - Other Materials & Supplies - \$33.8M (8%)
 - CNG (Materials) - \$5.8M (1%)
 - Diesel (Materials) - \$7.6M (2%)
 - Other Non-Labor - \$33.2M (7%)
 - Clayton County Service - \$19.4M (4%)

FY16 Proposed Clayton Budget

- FY16 Clayton County Sources - \$74.3M
 - Operating Sales Tax - \$15M (20%)
 - Capital Sales Tax - \$9M (12%)
 - Sales Tax High Capacity Escrow Funds - \$24M (32%)
 - Financing Proceeds - \$10M (14%)
 - Passenger Revenue - \$4.4M (6%)
 - Federal Funds - \$4.9M (7%)
 - SPLOST - \$7M (9%)
- FY16 Clayton County Uses - \$74.3M
 - High Capacity Reserves - \$23.4M (32%)
 - High Capacity Planning - \$0.6M (1%)

- Capital Investment - \$17.6M (24%)
- Operating & Maintenance - \$19.4M (26%)
- Operating/Systems Reserves - \$4.7M (6%)
- Debt Service - \$4.6M (6%)
- Sustaining Capital - \$4M (5%)

FY16 Proposed Capital Budget

Assumptions

- Projects already under contract or in the very large stages of the procurement process
- Policy directives in terms of size of Bus and Mobility procurements
- Project Prioritization Scoring (Expert Choice):
 - Life/safety critical projects
 - Security/regulatory projects
 - Operations critical projects
- Partial funding for Planning functions
- Partial funding for CIP support and various business support functions

FY16 Capital Budget Sources & Uses

- Beginning Balance - \$36.3 M
- Revenues
 - Sales Tax - \$202.5M
 - Federal Funds - \$41.5M
 - Other Revenue - \$1.5M
 - Debt Issue - \$156M
 - Total Sources of Funds - \$437.8M
- Expenditures
 - Capital Program Summary – \$283.1M
 - Debt Service - \$148.9M

- Total Uses of Funds - \$432M

FY16 Debt Position (\$ in millions)

- Opening Debt Position (Principal) - \$1998.3
 - New Debt (FRN) - \$156
 - Debt Service - \$148.9
 - Net Available for Capital Investment - \$7.1
 - Principal paid - \$62.7
- Closing Debt Position - \$2,091.6

FY16 Capital Budget by Program

- Vehicles - \$34.5M
- Facilities & Stations - \$47.4M
- Maintenance of Way - \$4.1M
- Systems - \$165.7M
- Non-Asset - \$31.3M
- Total FY16 CIP - \$283.1M

FY16 Capital Budget – Top Ten Projects by Cost

- Train Control Systems Upgrade - \$25.7M
- Fire Protections Systems Upgrade - \$20.5M
- Brady Mobility Facility - \$18M
- Tunnel Ventilation System Rehabilitation and Upgrade - \$17.3M
- MARTA Reliability Centered Maintenance Program – LCARE - \$12.3M
- Future Radio Infrastructure - \$10.7M
- Audio Visual Information System (AVIS) - \$8.2M
- Articulated Buses - \$7.4M
- Facilities Upgrade Program - \$7.3M
- Bus Midlife Overhaul - \$4.3M
- Total - \$131.6M; approximately 47% of the FY16 Budget

Mr. Daniels said the proposed FY16 initiatives are very critical as it relates to the impact on Reserves.

Mr. Durrett said the Authority needs to really stress that MARTA cannot expand without community support and funding.

Mr. Griffin asked about MARTA's Debt Service.

Mr. Hutchinson said it refers what it would take for MARTA to pay down bus buys.

Mr. Dallas asked how MARTA's Debt Service compares to that of other systems.

Mr. Hutchinson said in comparison, MARTA has a high level of debt considering other agencies have expanded.

Mr. Dallas asked about the ratio of debt to revenue.

Mr. Hutchinson said staff could provide that information to the Board.

Briefing – February FY2015 Budget Variance Analysis and Performance Indicators

The Briefing on January FY2015 Budget Variance Analysis and Performance Indicators (KPIs) was deferred.

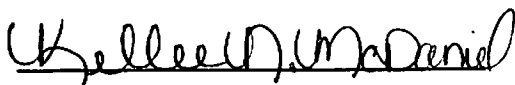
Other Matters

The February FY2015 Key Performance Indicators were provided as informational only.

Adjournment

The meeting of the Business Management Committee adjourned at 12:09 p.m.

Respectfully submitted,



Kellee N. McDaniel
Sr. Executive Administrator to the Board