

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

July 30, 2012

The Board of Directors Operations Committee met on July 30, 2012 at 2:44 p.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Harold Buckley, Sr.
Wendy Butler
Frederick L. Daniels, Jr.
Roderick E. Edmond, *Chair*
Barbara Babbit Kaufman
Jannine Miller*

MARTA officials in attendance were: General Manager/CEO Beverly A. Scott; AGMs Davis Allen, Deb Dawson, Joseph Dorsey (Acting), Ben Graham, Georgetta Gregory, Mary Ann Jackson, Cheryl King, Rich Krisak, Miriam Lancaster (Acting), Ryland McClendon and Elizabeth O'Neill; Sr. Directors David Springstead and Donald Williams; Directors Lisa DeGrace, Joe Erves, Garry Free, Hubert Gee, Rod Hembree, Walter Jones, Knox O'Callaghan and Ferdinand Risco; Managers Joyce Brown, Antoine Smith, Roosevelt Stripling, Robert H. Thomas, Marvin Toliver, Denise Walker 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 Carlos Arietta, Dave Brown, Dontaye Brown, Christopher Dorsey, Corey Holland and Charisse Richardson.

Also in attendance Charles Pursley, Jr. of Pursley, Lowery & Meeks, LLP; Eric Wrobley of LTK; Matt Pollack of MATC.

Approval of the June 25, 2012 Business Management Committee Meeting Minutes

On motion by Mr. Daniels seconded by Mr. Buckley, the minutes were unanimously approved by a vote of 4 to 0, with 5* members present.

*Jannine Miller is Executive Director of Georgia Regional Transportation Authority (GRTA) and is therefore a non-voting member of the MARTA Board of Directors.

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Resolution Authorizing Solicitation of Proposals for Consultant Services for MARTA's Medical and Retirement Plans, Request for Proposals Number P27333

Mrs. Dawson presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to authorize the solicitation of proposals for Consultant Services for MARTA's Medical and Retirement Plans by means other than competitive bidding, in accordance with Section 14(m) of the MARTA Act, through the use of Request for Proposals (RFP).

Mr. Daniels asked what is the cost range.

Mrs. Dawson said \$200,000 – \$300,000.

Mr. Daniels asked if the RFP is a phased approach.

Dr. Scott said yes.

Mr. Daniels said payments should be phased in. He requested more information for the Board.

Dr. Scott said staff can provide more information at the next Work Session.

Dr. Edmond asked that examples from other transit agencies be presented.

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

Mrs. Butler seconded.

The motion was unanimously approved by a vote of 5 to 0, with 6* members present.

Resolution Authorizing Award of a Contract for Free Periodicals Distribution Concessions, Contract Proposal Number B25679

Ms. Walker presented this resolution for Board of Directors' approval authorizing

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the General Manager/CEO or her delegate to into a contract with United Advertising Publications, Inc. d/b/a Dominion Distribution for Free Periodicals Distribution Concessions.

Dr. Edmond asked if staff had any comparisons.

Ms. Walker said it is based on what MARTA currently receives.

Mr. Daniels said it seems like MARTA is not going to the right companies.

Dr. Edmond said he was not prepared to vote.

Mrs. Butler made a motion to table the resolution pending a follow-up briefing.

Mr. Buckley seconded.

The motion was unanimously approved by a vote of 5 to 0, with 6* members present.

Briefing – May Fiscal Year-to-Date 2012 Budget Variance Analysis and Financial Key Performance Indicators (KPIs)

Mr. Allen briefed the Committee on the May Fiscal Year-to-Date 2012 Budget Variance Analysis and Key Performance Indicators (KPIs).

- During the month of May, total net revenues were \$8.3M, or 24.1%, more than budget (favorable) mainly due to a favorable variance of \$11.1M, or 372.6%, in Federal Assistance due to an accrual adjustment in Preventive Maintenance which was offset by a decrease in actual monthly sales tax revenue of \$2.5 or 14.2%.
- Also during the month, total net expenses were \$1.6M, or 4.3%, less than budget (favorable) due primarily to favorable variances in labor (vacancies) and (2) positive variances in other non-labor expensing.
- On a May year-to-date-basis, actual Revenues were favorable by \$9.9M, or 2.8%. Of this amount, Federal Assistance was favorable by \$11.1M or 33.8%; Passenger Revenues exceeded budget by \$1.5M or 1.3%; Sales Tax receipts had an unfavorable variance of \$4.7M or 2.6%.

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- On a May year-to-date basis, net operating budget expenses were under budget (favorable) by \$13.2M, or 3.5% primarily due to the combined effects of the following:
 - Salaries & Wages—the largest portion of labor expenses which, when combined with overtime and benefits constitute over 74% of the annual operating budget—were favorable by \$8.7M or 4.5% on a May year-to-date basis.
 - Overtime Expenses were \$4.2M or 21.5% over budget (unfavorable) due primarily to the coverage of represented employee vacancies in Rail and Bus Maintenance positions, Facilities, Rail Services and sworn police officers.
 - Benefits were unfavorable by \$1.9M or 1.7% due primarily to an overrun in represented employee healthcare costs (\$2.7M). This overrun is under continued review.
 - Contractual Services were \$4.3M or 15.7% under budget (favorable) due to favorable variances in the maintenance service-fare collection equipment, passenger/facility maintenance, software maintenance applications and non-IBM License fee accounts.
 - Diesel Fuel was \$0.5M, or 5.9% under budget due to running fewer miles than planned.
 - Other Materials & Supplies were unfavorable by \$1.8M or 7.8% due, in part, to the Non-Revenue Service Vehicle Fuel account which is over budget by \$731K
 - Other Non-Labor charges were \$2.7M or 9.1% under budget (favorable)
 - Capital charges were favorable at \$4.6M or 12.2% under budget
- The Year-to-Date actual Net Operating Surplus of \$2.1 M requires a sales tax subsidy of 57.3%, which is favorable to the budget.
- The Annual Budgeted Sales Tax Subsidy is 64.5%.

Combined Ridership

Combined Ridership for the month of May was 11.0M unlinked passenger boardings, which exceeded the forecasted total of 10.0M by 1.0M trips or 10.0%.

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Combined Ridership of 124.1M unlinked trips for the Fiscal Year 2012 (the months of July through May) exceeded the forecast of 113.5M unlinked trips by 10.6M or 9.3%.

Bus Cost per Passenger Trip

The Cost per Bus Passenger Trip of \$3.22 in May was better than the forecast of \$4.31 by \$1.09 or 25.3%. This favorable variance was due to bus ridership exceeding the forecast of unlinked trips by 607K or 13.6%, as well as net under runs in budgeted expenses. The Cost per Bus Passenger Trip of \$3.35 for the Fiscal Year 2012 (the months of July through May) was better than the forecast of \$3.93 by \$0.58 or 14.8%, mostly due to bus ridership exceeding the forecast of unlinked trips by 6.0M, or 11.9%, as well as net under runs in budgeted expenses.

Rail Cost per Passenger Trip

The Cost per Rail Passenger Trip of \$2.23 in May was better than the forecast of \$2.83 by \$0.60 or 21.2%. This favorable variance was mostly due to rail ridership exceeding the forecast of unlinked trips by 413K or 7.5%, as well as net under runs in budgeted expenses. The Cost per Rail Passenger Trip of \$2.30 for the Fiscal Year 2012 (the months of July through May) was better than the forecast of \$2.58 by \$0.28 or 10.9%, mostly due to rail ridership exceeding the forecast of unlinked trips by 4.5M or 7.1%, as well as net under runs in budgeted expenses.

MARTA Mobility Cost per Passenger Trip

The Cost per MARTA Mobility Passenger Trip of \$27.35 in May was better than the forecasted \$40.30 by \$12.95 or 32.13%. This favorable variance was mostly due to Mobility ridership exceeding the forecast of unlinked trips by 10.0K, or 24.9%, as well as net under runs in budgeted expenses. The Cost per MARTA Mobility Passenger Trip of \$29.85 for the Fiscal Year 2012 (the months of July through May) was better than the forecast of \$36.70 by \$6.85 or 18.7%, mostly due to Mobility ridership exceeding the forecast of unlinked trips by 79.2K or 17.4%, as well as net under runs in budgeted expenses.

Other Matters

Dr. Edmond announced that the following agenda items:

- #5a – May FY 2012 Key Performance Indicators (KPIs)
- #5b – May FY 2012 Ridership Analysis

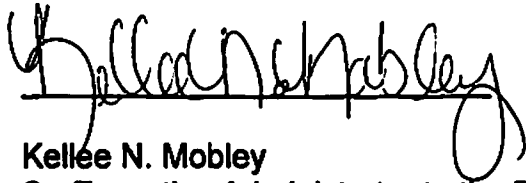
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were included in the Business Management Committee package of materials for information purposes only. He added that staff will bring full reports to the Committee on a quarterly basis.

Adjournment

The meeting of the Operations Committee adjourned at 3:14 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kellee N. Mobley", written over a horizontal line.

Kellee N. Mobley
Sr. Executive Administrator to the Board