

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

January 27, 2014

The Board of Directors Business Management Committee met on January 27, 2014 at 10:45 a.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.
Frederick L. Daniels, Jr., *Chair*
Jim Durrett
Roderick E. Edmond
Jannine Miller*

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Chief Operating Officer Richard A. Krisak; Chief of Staff Rukiya S. Eaddy; Chief Administrative Officer Edward L. Johnson; Chief Financial Officer Gordon Hutchinson; Chief Counsel Paula Nash (Acting); AGMs LaShanda Dawkins (Interim), Wanda Dunham, Shyam Dunna (Interim), Rod Hembree (Acting), Cheryl King; Ryland McClendon and Terry Thompson; Directors Donna Jennings and Knox O'Callaghan; Managers Charlotte Quarles, Beverly D. Williams; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid. Others in attendance Davis Allen, Frederick Askew, Larry Bowden, Dontaye Brown, Reginald Bryant, Diane Graham, Anthony Merriweather, Anthony Pines, Srinath Remala, Bob Thomas.

Also in attendance Scott Hughes and Sherre Kahrs of Corvel; Helen McSwain and Matt Pollack of MATC.

Consent Agenda

Mr. Daniels requested a motion to approve the following items on the Consent Agenda:

- a. Approval of the November 18, 2013 Business Management Committee Meeting Minutes

*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.

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- b. Resolution Authorizing the Execution of Federal Transit Administration Section 5339 Bus Formula Program Subgrant Agreement with Cobb County
- c. Resolution Authorizing the Award of Multiple Contracts for the Procurement of Printing Paper for Authority-Wide Use, Contract Proposal Number B29892
- d. Resolution Authorizing the Renewal of the Excess Workers' Compensation Insurance Policy

On motion by Mr. Durrett seconded by Dr. Edmond, the Consent Agenda was unanimously approved by a vote of 4 to 0, with 4 members present.

Individual Agenda

Resolution Authorizing the Award of a Contract for Workers' Compensation Managed Care Organization, Request for Proposals P29319

Mrs. Jennings presented this resolution for Board of Directors' approval authorizing the General Manager or his delegate to award a Contract for Workers' Compensation Managed Care Organization (MCO), Request for Proposals (RFP) Number P29319, to USIS d/b/a AmeriSys in the amount of \$1,555,146.

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 Award of Contracts Utilizing GSA Schedules and State of Georgia Contracts for Renewal of Authority-Wide Microsoft Software Licensing, P32248, and a True-Up of Existing Contract B21582 with Dell Marketing, LP

Mr. Dunna presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to enter into contracts with vendors currently holding valid General Services Administration (GSA) Schedules and State of Georgia Contracts for the Authority-Wide Microsoft Software Licensing renewal and approval to a True-Up of any net new deployments which required new licenses under Contract B21582 with Dell Marketing, LP. The aggregate amount is not to exceed \$2,900,000.

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 Additional Funding for the Base Term of the Contract for Group Health and Wellness Insurance Coverages and Authorizing the General Manager or his Delegate to Exercise the Two One Year Options for the Contract

Mrs. Dawkins presented this resolution for Board of Directors' approval authorizing (1) additional funding in the amount of \$22,739,000 for the base term of RFP P17141, Group Health and Wellness Insurance Coverages and (2) the General Manager/CEO or his delegate to exercise one or both of the option years of the contract, provided that the Board of Directors is apprised of the intent to exercise option year 2 prior to such action being taken.

Mr. Durrett said this is largely due to the impacts of the Healthcare Reform Act.

Mrs. Dawkins said that is correct.

Mr. Durrett said the Authority also wants to be sure that its employees are being responsible internally.

Mr. Parker said MARTA has opportunities for employees to improve healthcare through various wellness programs.

Dr. Edmond asked when does the contract expire.

Mrs. Dawkins said June 30, 2014.

Mr. Daniels asked about preventative services.

Mrs. Dawkins said preventative services are covered at 100%; previously the mandate was 90%.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 4 to 0, with 5* members present.

Resolution Authorizing the Receipt and Execution of a Federal Transit Administration Section 5339 Bus Formula Program Grant by MARTA

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to execute, on behalf of MARTA, a grant for the receipt of Federal Transit Administration (FTA) Section 5339 Bus and Bus Facilities ("Bus") Program funds. This formula grant in the amount of \$2,619,929 will be utilized directly by MARTA for the acquisition of replacement buses. This resolution also authorizes the General Manager/CEO or his delegate to provide FTA with the standard Federal grant program certifications and assurances on behalf of MARTA required as a condition of receiving these funds.

Mr. Durrett asked if the funds will go towards the current bus procurement.

Mr. O'Callaghan said these funds are for six additional buses.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 4 to 0, with 5* members present.

Resolution Authorizing the Solicitation of Proposals for MARTA to Source the Automation of Paid Parking, Request for Proposals Number P30186

Mr. Hutchinson presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to solicit proposals for Sourcing of Automated Paid Parking for the Department of Finance.

Mr. Durrett asked why KPMG did not pick up on this and MARTA did.

Mr. Parker said MARTA has gone well beyond the KPMG roadmap. It was just a start for what the Authority now calls the MARTA Transformation Initiative (MTI).

Mr. Hutchinson said sourcing of automated paid parking is included in Revenue Enhancements as part of MTI.

On motion by Mr. Durrett seconded by Mr. Buckley, the resolution was unanimously approved by a vote of 4 to 0, with 5* members present.

Briefing – November Year-to-Date FY 2014 Budget Variance Analysis and Performance Indicators

Mr. Hutchinson and Mr. Krisak briefed the Committee on the November Year-to-Date (YTD) FY 2014 Budget Variance Analysis and Performance Indicators.

Overview – November 2013

- During the month of November, total net revenues were \$1.8M or 5.5% greater than budget due to a favorable variance of \$2.0M in Title Ad Valorem Tax and a favorable variance of \$0.3M or 1.8% in Sales Tax
- Also during the month total net expenses were \$2.5M or 7.4%, less than budget primarily due to (1) a favorable variance of \$1.3M or 12.7% in Benefits attributed to pensions being less than planned and vacancies, (2) a favorable variance of \$1.1 M or 6.3% in Salaries primarily due to vacancies and (3) a favorable variance of \$1.1 M or 38.7% in Other Non-Labor due to a timing difference in anticipated payouts associated with injury claims ; utilities (primarily telephone and propulsion power charges) were also favorable

Year-to-Date Operating Revenues

- On a November year-to-date-basis, actual Revenues were favorable by \$7.5M or 4.5%; of this amount:
 - Title Ad Valorem Tax was favorable by \$8.5M
 - Passenger Revenue was favorable by \$0.7M or 1.2% due to ridership being 2.5% higher than projections
 - This favorable variance was offset by an unfavorable Sales Tax Revenue of \$1.8M or 2.5% due to underperforming relative to plan on a November YTD basis as forecasted by the Georgia State Economic Forecasting Center

Year-to-Date Budget vs. Actual Expense Performance

- On a November year-to-date basis, net operating budget expenses were under budget by \$16.6M or 9.4% 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

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the annual operating budget – were favorable by \$7.1 M or 7.8% on a November YTD basis

- Overtime Expenses were \$2.9M or 34.9% over budget which is an offsetting impact of the vacancies
- Benefits were under budget by \$7.3M or 13.7% primarily due to pensions being less than planned and vacancies
- Contractual Services were \$1.9M or 15.2% under budget
- CNG Fuel was right on target
- Diesel Fuel was \$0.4M or 9.4% under budget due to running fewer miles than planned and a lower unit cost
- Other Materials & Supplies were favorable by \$0.5M or 3.7% primarily due to breeze card inventory not being expensed as scheduled due to a timing difference
- Other Non-Labor charges were \$3.4M or 23.9% under budget due primarily to a timing difference in anticipated payouts associated with injury claims
- Capital charges were unfavorable at \$1.0M or 4.6% under budget which is due to less time being charged to capital as scheduled

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of \$14.5M requires a sales tax subsidy of 39.7%, which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 58.2%

Performance Indicators

- Rail Ridership dropped below projection – MARTA's Planning Department is conducting surveys to provide an explanation
- Bus OTP (On Time Performance) has improved – staff will present to the Board at a later date how this has been achieved
- Bus MDBF (Mean Distance Between Failure) is declining
- Rail OTP has dropped – in comparison to other agencies MARTA has a very aggressive Rail OTP rate

- Delays are mostly attributed to rail car maintenance; depending on the time and location one door lift malfunction can cause seven other delays
- Rail MDBF has been affected by wheel flats; staff has been able to determine where it is occurring but cannot find a technical reason for the occurrences – MARTA has resource on Board to help solve this problem

Ms. Miller asked about overtime.

Mr. Hutchinson said overtime is still running high but should improve once new hires start.

Mr. Daniels asked about vacancies.

Mr. Parker said some vacancies will be eliminated while other, critical, positions will be filled. Staff will provide more information at the upcoming Board Retreat.

Mr. Daniels said the door issue has been discussed in the past. He asked if the problematic trains have been identified.

Mr. Krisak said yes it is the Breda fleet. They have 1st generation processors. MARTA has tweaked them but the only real solution is replacement and that will be highly expensive.

Ms. Miller said MARTA is doing extremely well with OTP at 97%. She added that it would be useful to see how the Authority's OTP compares to driving.

Mr. Durrett asked if inoperative doors are taped up so patrons know to use an alternate door.

Mr. Krisak said decals are placed on a malfunctioning door as soon as it is identified.

Other Matters

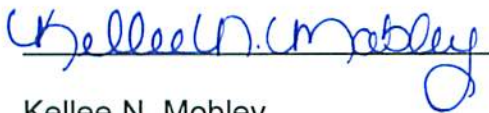
The Committee received the November FY 2014 Key Performance Indicators as informational only.

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Adjournment

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

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board