

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

January 28, 2013

The Board of Directors Operations Committee met on January 28, 2013 at 11:09 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

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

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Deputy General Manager/COO Davis Allen (Acting); AGMs Deborah Dawson, Wanda Dunham, Ric Edmonds (Acting), Ben Graham, Robin Howard, Cheryl King, Miriam Lancaster (Acting), Ryland McClendon and Elizabeth O'Neill; Directors Maurice Ficklin, Ming Hsi and Ferdinand Risco; Executive Manager/Assistant Secretary to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid; Others in attendance Eugene Alphonse, Anthony Pines, Srinath Remala and Tuan Vo.

Also in attendance Charles Pursley, Jr. of Pursley Friese Torgrimson; Pam Alexander of LTK; Alan Bradford and Don Brooks of St. Joseph's Hospital.

Approval of the November 27, 2012 Business Management Committee Meeting Minutes

On motion by Mr. Ashe seconded by Mrs. Butler, the minutes were unanimously approved by a vote of 7 to 0, with 8* 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.

Resolution Authorizing the Renewal of Excess Workers Compensation Insurance

The Resolution Authorizing the Renewal of Excess Workers Compensation Insurance was deferred to the February 25, 2013 Business Management Committee meeting.

Briefing - November Year-to-Date FY 2013 Budget Variance Analysis and Financial Key Performance Indicators (KPIs)

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

Overview – November 2012

During the month of November, total net revenues were \$0.1 M or 0.2% greater than budget (favorable) due to the following:

- A favorable variance of \$0.04M, or .03%, 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
- A favorable variance of \$0.05 or 0.4% in Passenger Revenue, which was virtually on target.

Total net expenses for the month were \$3.8M, or 11.2%, less than budget (favorable) primarily due to the following:

- A favorable variance of \$1.4M, or 7.9%, in Salaries & Wages due to vacancies
- A favorable variance of \$1.6M, or 14.8%, in Benefits due primarily to vacancies and Healthcare being less than planned.

Year-to-Date Operating Revenues

On a November year-to-date-basis, actual Revenues were favorable by \$2.4M or 1.4%. Of this amount, Sales Tax receipts were favorable by \$1.6M or 2.4% and Passenger Revenue was favorable by \$0.9M or 1.6%.

The net overall favorable result in total Revenue was primarily due to the combined effects of the following:

- Sales Tax receipts over-performing (2.4%) relative to plan on a November YTD basis as forecasted by the Georgia State Economic Forecasting Center
- Passenger Revenue was higher than budget (1.6%) even though YTD ridership was lower than projected (2.4%); Revenue associated with selling of breeze cards, which are unrelated to trip making revenue, account for the slight YTD favorable variance
- Station Parking was lower at 6.3% below budget. Some factors causing this is a decreased requirement for long term lots due to decreased travel, as well as suspected increased fare evasion tactics
- Lease Income was below budget by 4.2% primarily due to the TOD Ground leases not yielding as planned due to timing differences (\$102K) and the Amortized Lease Income (\$83K), due to the unwinding of two defeased lease transactions/tranches in June 2012

Year-to-Date Budget vs. Actual Expense Performance

On a November year-to-date basis, net operating budget expenses were under budget (favorable) by \$19.9M or 11.0%, primarily due to the combined effects of the following:

- Salaries & Wages were favorable by \$9.1 M or 9.8%
- Overtime Expenses were \$0.9M or 10.5% over budget (unfavorable)
- Benefits were under budget by \$4.9M or 8.8%
- Contractual Services were \$2.2M or 17.4% under budget (favorable)
- CNG Fuel was \$0.3M or 14.5% under budget due to running fewer miles than planned
- Diesel Fuel was \$0.4M or 8.5% under budget also due to running fewer miles than planned
- Other Materials & Supplies were unfavorable by \$1.7M or 14.6% due primarily to the cost of fare media being expensed (\$1.1M) rather than being booked as a contra revenue as in prior years
- Other Non-Labor charges were \$2.7M or 20% under budget

- Capital charges were favorable at \$3.0M or 14.1% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 59.9%

Key Performance Indicators

- Budget Variance
 - The budget variance for the month of November was favorable at 11.24% below budget, mostly due to a favorable variance in labor cost
 - The 2013 Fiscal Year-to-Date (months of July through November) budget variance remains favorable at 10.97% below budget, mostly due to favorable variances in labor (vacancies), contractual services and fuel costs
- Combined Ridership
 - Combined Ridership for the month of November was 10.5M unlinked passenger boardings, falling short of the forecasted 11.0M by 485K or 4.4%
 - The 2013 Fiscal Year-to-Date (months of July through November) Combined Ridership of 55.6M unlinked trips is lower than forecasted 57M by 1.4M or 2.4%
- Cost per Bus Passenger Trip
 - The Cost per Bus Passenger Trip of \$3.25 in November was better than the forecast of \$3.67 by \$0.42 or 11.4%; this favorable variance was mostly due to net under-runs in budgeted expenses
 - The 2013 Fiscal Year-to-Date (months of July through November) Cost per Bus Passenger Trip of \$3.29 is better than the forecasted \$3.65 by \$0.36, or 9.9%; this favorable variance is due to net under-runs in budgeted expenses

- Cost per Rail Passenger Trip
 - The Cost per Rail Passenger Trip of \$2.33 in November was better than the forecast of \$2.59 by \$0.26 or 10.0%; this favorable variance was due to net under-runs in budgeted expenses
 - The 2013 Fiscal Year-to-Date (months of July through November) Cost per Rail Passenger Trip of \$2.34 is better than the forecasted \$2.57 by \$0.23 or 8.9%; this favorable variance is due to net under-runs in budgeted expenses
- Cost per MARTA Mobility Passenger Trip
 - The Cost per MARTA Mobility Passenger Trip of \$32.07 in November was better than the forecast of \$33.34 by \$1.27 or 3.8%; this favorable variance was due to net under-runs in budgeted expenses
 - The 2013 Fiscal Year-to-Date (months of July through November) Cost per Mobility Passenger Trip of \$32.03 is better than the forecasted \$33.14 by \$1.11, or 3.3%; this favorable variance is due to net under-runs in budgeted expenses

Mr. Daniels said he would like for staff to take a provide more details about the economic forecast.

Mr. Allen said staff would be prepared to do that at next month's Committee meeting.

Mr. Daniels asked where does MARTA stand regarding other Revenues as outlined within the KPMG report such as bus wraps.

Mrs. McClendon said regarding transit revenue from advertising and bus wraps staff has expressed to KMPG that Atlanta does not have the market for transit advertising. While CBS is making their minimum guarantee in paying MARTA they are not able to sell that advertising in terms of actual bus or train wraps. That is one of the reasons MARTA is looking at other avenues such as advertising on the Authority's website. The transit market in Atlanta is different market from other cities with large transit agencies. Currently, there is no interest in the CBS advertising contract.

Mr. Daniels asked about alcohol advertising.

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Mrs. McClendon said staff is conducting a poll to get feedback from the public regarding such advertising. Staff did bring it to the Board some time ago for input and decided to speak with the general public and MARTA riders to get a sense of whether or not they would find alcohol advertising offensive. MARTA is still exploring that option and plan to come back to the Board with a recommendation on alcohol advertising. Out of everything, alcohol advertising likely holds the greatest opportunity for MARTA to uncover additional revenue.

Ms. Miller said MARTA should be mindful that alcohol advertising could discredit the Nuisance Behavior Policy as well as Mr. Parker's work to repair MARTA's image.

Mr. Parker said Ms. Miller raised an excellent point. All advertising on Charlotte's transit system was actually banned at one time. The system felt advertisements were getting in the way of the branding effort the system was undergoing to change its image. The system continued without advertising for close to eight years. Advertising was added back several years ago because the system felt the brand was very secure. Very recently, Charlotte transit added alcohol advertising, after much debate, and has since generated increased revenue. MARTA certainly has a lot to consider before a decision can be made.

Mrs. Butler asked is the Atlanta market not interested or are there elements within the CBS contract that may keep companies from being interested.

Mrs. McClendon said it is the Atlanta market.

Mr. Ashe asked is there an average period of time that positions are vacant.

Mr. Allen said most of these vacancies have been vacant throughout this year. In an effort to speed up the progress of CIP over 100 Capital positions were added to execute the projects. However, the Authority has not been able to fill those positions.

Mr. Daniels asked if filling those positions will put MARTA in a better place.

Mr. Parker said to clarify, new positions were assigned for major Capital projects. MARTA is not currently engaged in those projects so those positions remain vacant. There is no need to fill positions if a project is not moving forward. Before coming back to the Board with a new CIP, staff will evaluate whether or not these

projects will be moving forward. If they are not, then the positions may be eliminated completely. MARTA does not want to balance its budget this way – with unfilled vacancies.

Mr. Ashe said the traditional story is that MARTA pays large amounts of overtime due to unfilled vacancies.

Mr. Allen said those vacancies are not driving the overtime at all. The overtime that is seen is based on extra work required at rail maintenance facilities.

Dr. Edmond said going forward staff should provide the financial analysis with and without unfilled vacancies.

Mr. Ashe said staff needs to also look at period of time.

Other Matters

Dr. Edmond announced that the following agenda items:

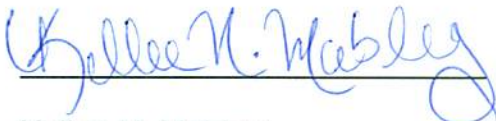
- #4a – November FY 2013 Ridership Analysis
- #4b – November FY 2013 Key Performance Indicators (KPIs)

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

Adjournment

The meeting of the Operations Committee adjourned at 11:37 a.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board