



BOARD OF DIRECTORS
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
SPECIAL BOARD MEETING
WEDNESDAY, MAY 5, 2021
ATLANTA, GEORGIA
via WebEx
MEETING MINUTES

The meeting started at 10:00 a.m.

Board Members Present	Staff Members Present
Roberta Abdul-Salaam	Jeffrey Parker
Robert Ashe III	Collie Greenwood
Stacy Blakley	Rhonda Allen
Jim Durrett	Luz Borrero
William Floyd	Ralph McKinney
Roderick Frierson	Melissa Mullinax
Ryan Glover	Elizabeth O'Neill
Freda Hardage	Larry Prescott
Russell McMurry ¹	Raj Srinath
Al Pond	
Kathryn Powers	
Rita Scott, Chair	
Reginald Snyder	
Christopher Tomlinson ¹	
W. Thomas Worthy	

Also, in attendance: MARTA Board General Counsel Justice Leah Ward Sears of Smith, Gambrell & Russell, LLP; other MARTA staff members: Heather Alhadeff, Marsha Anderson Bomar, LaShanda Dawkins, Tyrene Huff, Kevin Hurley, Michael Kreher, Gena Major, Dean Mallis, Paula Nash, Kirk Talbott, and George Wright.

Proposed FY2022 Budget Briefing (See attached: "Proposed FY2022 Budget Board Briefing"): General Manager Jeffrey Parker welcomed the Board and introduced Chief Financial Officer Raj Srinath, Deputy Chief Financial Officer Kevin Hurley, and Interim Chief of Capital Projects, Expansion and Innovation Larry Prescott as co-presenters.

¹Russell McMurry is Commissioner of the Georgia Department of Transportation (GDOT) and Christopher Tomlinson is Executive Director of the Georgia Regional Transportation Authority (GRTA). Per the MARTA Act, both are non-voting members of the Board of Directors.

The proposed FY22 budget was presented by CFO Srinath and included the following topics:

- Key assumptions
- Service levels
- Operating revenues
- Operating expenses

Deputy CFO Hurley and Interim Chief of Capital Programs Prescott presented the FY22 Capital budget that included:

- System-wide projects
- Expansion corridors
- Station rehabilitation
- New facilities
- New funding sources

GM Parker and CFO Srinath presented future expansion funding options that included:

- Revised budget reserve level
- Operating sales tax funds
- New sources of potential funding (e.g., CRSSAA and ARP)

Adjournment

The meeting adjourned at 11:53 a.m.

Respectfully submitted,



Tyrene L. Huff
Assistant Secretary to the Board

YouTube Link: <https://youtu.be/OPHzRhSkqN8>

PROPOSED FY2022 BUDGET

Board Briefing

May 5, 2021



FY22 Budget Premise

- \$ Support MARTA's Strategic Priorities
- \$ Support Updated Service Levels
- \$ Provide Financial Sustainability
- \$ Advance Capital Program
- \$ Deliver on 15th Amendment Obligations
- \$ Address State of Good Repair Needs

FY22 Budget Development

1. *Board briefing and feedback*
2. *Public hearings (May 10 & 11)*
3. *Proposed budgets provided to each jurisdiction*
4. *Board committee presentation (May 27)*
5. *Board vote to adopt (June 10)*

MARTA's Strategic Priorities

Consistently provide excellence in customer service

Deliver the capital program with speed and efficiency

Demonstrate fiscal responsibility

Strengthen the MARTA brand



PROPOSED FY2022 OPERATING BUDGET



Key Assumptions

Utilized the March 1, 2021 Sales tax Forecast provided by GSU Economic Forecasting Center; FY22 fare revenues assumed to be \$60.3M (FY21 fare revenues forecasted to be \$44.1M)

Non-Represented employee wage increase of 3% on average assumed; Represented employee raise assumed consistent with the current contract

American Rescue Plan funding split as follows: \$55M and \$29M for Operating Budget in FY22 and FY23, respectively; allocation of remaining \$200M to be determined

FY22 Operating Budget will be at or below FY21 Operating Budget

Service Levels – New Transit Service Plan

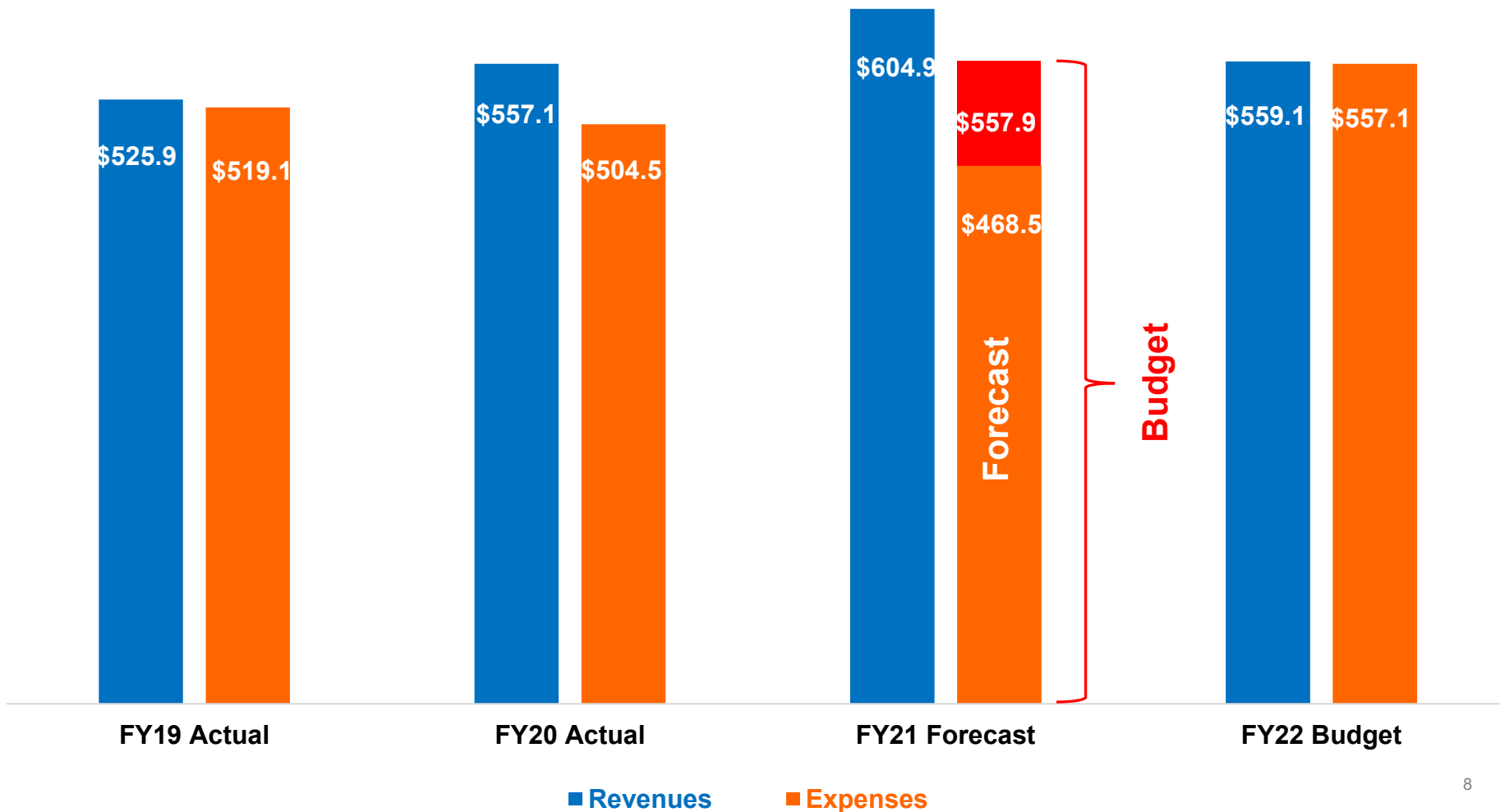
Authorized Operators	FY2019	FY2020	FY2021	FY2022
Bus	1,452	1,452	1,476	1,476
Rail	153	153	153	153
Streetcar	12	12	12	12
Total	1,617	1,617	1,641	1,641

Revenue Miles	FY2019 Actual	FY2020 Actual	FY2021 Forecast	FY2022 Scheduled*
Bus	28,121,795	28,303,085	27,201,219	25,753,394
Rail	22,511,413	20,430,752	15,649,688	16,650,928
Mobility	7,273,741	6,965,088	6,412,800	5,328,423
Streetcar	60,510	56,422	50,907	75,000
Total	57,967,459	55,755,347	49,314,614	47,807,745

Revenue Hours	FY2019 Actual	FY2020 Actual	FY2021 Forecast	FY2022 Scheduled*
Bus	2,278,566	2,322,662	2,241,634	2,099,478
Rail	150,987	139,086	109,438	116,440
Mobility	461,382	480,144	400,800	351,355
Streetcar	12,005	11,586	10,164	15,750
Total	2,902,940	2,953,478	2,762,036	2,583,023

* Does not include Run as Directed Service

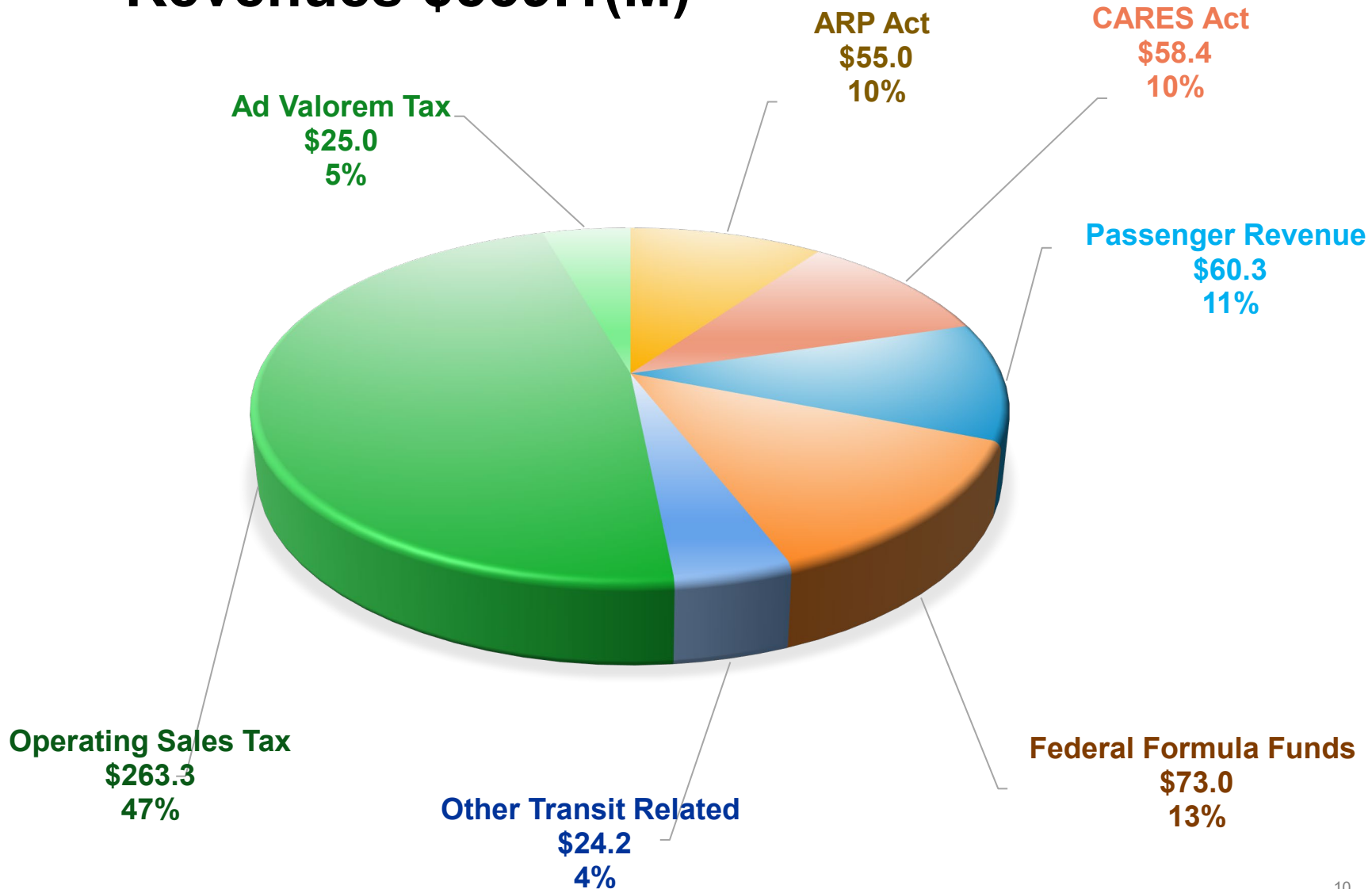
FY19 – 22 Operating Revenues vs. Expenses (M)



Operating Revenue Sources

- 💰 Sales & Ad Valorem Tax
- 💰 Passenger Revenue
- 💰 Federal Formula Funds
- 💰 CARES Act Funding
- 💰 American Rescue Plan (ARP) Funding
- 💰 Other Transit Related Revenue

FY22 Projected Operating Revenues \$559.1(M)



Sales & Ad Valorem Tax Revenues

Fiscal Year	FY2020	Forecast			
	Actual	FY2021	FY2022	FY2023	FY2024
Growth Rate	-2.7%	3.0%	3.2%	7.8%	5.0%

Passenger Revenues

Fiscal Year	FY2019 * Actual	FY2020 Actual	Forecast			
			FY2021	FY2022	FY2023	FY2024
Passenger Revenue	\$130.2M	\$98.0M	\$44.1M	\$60.3M	\$110.2M	\$115.8M

* FY2019 was the last completely pre-pandemic fiscal year

Fares

- ✓ Last fare increase was implemented in October 2011
- ✓ No change in the current fare structure is pending





Federal Relief Funds Application

\$ \$298M in CARES Act funding applied to FY20-22 Operating Budgets

- Replace operating revenue lost due to pandemic

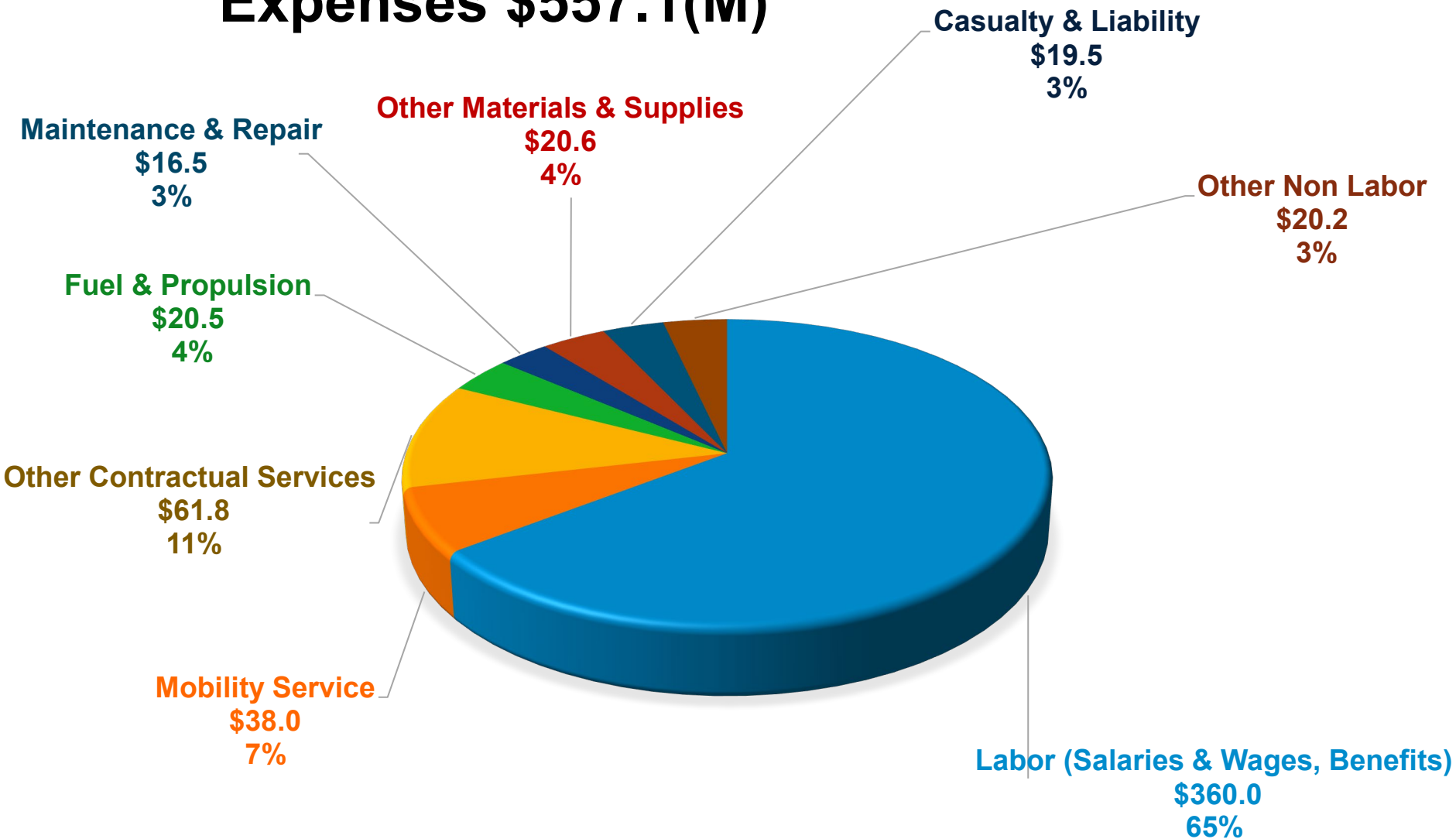
\$ \$33.5M in CRRSA funding applied to FY22-23 Capital Budgets

- Partially replenish capital portion of sales tax lost due to pandemic

\$ \$284M in ARP funding applied as follows:

- To replace lower operating revenues due to pandemic of \$55M and \$29M in FY22 and FY23, respectively
- Allocation of remaining \$200M to capital projects be determined

FY22 Proposed Operating Expenses \$557.1(M)



Labor Costs Assumptions

- Non-Represented employee raise of 3% on average is assumed
- Represented employee raise assumed to be 3% through January 2022 and 2% in February 2022
- 3% or \$11.4M across-the-board vacancy savings are assumed on salaries & wages

Authority-Wide Budget Comparison

MARTA Financial Summary (\$M)	FY2020 Actual	FY2021 Forecast	FY2021 Budget	FY2022 Preliminary Budget
Operating Revenues	481.9	439.9	474.5	445.7
CARES Act Federal Funding	75.2	165.0	150.0	58.4
ARP Federal Funding				55.0
Adjusted Revenues	557.1	604.9	624.5	559.1
Net Operating Expense	504.5	488.5	557.9	557.1
Gain on Pension Investments	0.0	(20.0)	0.0	0.0
Net Adjusted Expenses	504.5	468.5	557.9	557.1
(Surplus)/Deficit	(52.6)	(136.4)	(66.6)	(2.0)

Operating Budget Risks

- 💰 Pandemic's lingering impact
- 💰 Transit ridership/Fare revenues
- 💰 Economic uncertainty
 - ⚠️ Sales tax revenue growth
 - ⚠️ Fuel prices
 - ⚠️ Healthcare costs
 - ⚠️ Pension costs



PROPOSED FY2022 CAPITAL BUDGET



FY22 Capital Budget Highlights

System-Wide

- ✓ New Rail Cars
- ✓ Traction Power Substation
- ✓ Track Replacement & Maintenance
- ✓ Elevator/Escalator Rehab

Station Rehabilitation

- ✓ Indian Creek
- ✓ Five Points
- ✓ Airport
- ✓ College Park
- ✓ Bankhead

Expansion Corridors

- ✓ Summerhill BRT
- ✓ NW Clayton/Riverdale BRT
- ✓ Campbellton Road HCT
- ✓ Streetcar Extension East

New Facilities

- ✓ Clayton O&M
- ✓ South DeKalb Transit Hub
- ✓ Stonecrest Transit Hub

New Funding Sources

- ✓ MARTA Local
- ✓ State
- ✓ Federal

FY22 Capital Budget Assumptions

Projects under contract or in late stage of procurement

Service policy directives

- Bus and mobility fleet requirements
- Rail fleet requirements

Prioritization:

- Safety/Security/Regulatory critical assets
- Operation Critical projects
- Operation Support projects
- Service Enhancement projects
- Other projects/KPI and data management driven

System Expansion

System Enhancements

FY22 Capital Improvement Program Structure



FY22 – F31 Capital Improvement Program Structure

Program Category	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total 10 Year CIP
Vehicles	\$119.1	\$111.7	\$101.0	\$111.0	\$132.8	\$117.2	\$116.3	\$136.2	\$108.6	\$108.6	\$1,162.5
Facilities	\$111.9	\$97.4	\$58.7	\$45.2	\$44.2	\$44.2	\$44.2	\$44.2	\$44.2	\$44.2	\$578.4
MOW	\$21.5	\$32.5	\$17.0	\$17.0	\$17.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$105.0
Systems	\$144.0	\$88.5	\$57.0	\$49.9	\$51.1	\$30.1	\$30.1	\$44.1	\$44.1	\$44.1	\$583.0
Non-Asset	\$84.5	\$82.8	\$82.8	\$73.5	\$56.5	\$43.5	\$43.5	\$43.5	\$43.5	\$43.5	\$597.6
Total Proposed	\$481.0	\$412.9	\$316.5	\$296.6	\$301.6	\$235.0	\$234.1	\$268.0	\$240.4	\$240.4	\$3,026.5

FY22 – FY31 Sources & Uses

State of Good Repair

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Totals
Beginning Balance (Forecasted)	20.0										20.0
Revenues											
Sales Tax	236.5	255.1	267.8	277.6	287.8	298.2	308.3	320.2	332.3	346.1	2,929.8
Awarded/Potential Federal Funds	67.1	53.5	60.2	49.3	49.3	49.3	49.3	49.3	49.3	49.3	525.9
Federal CRSSA Stimulus Funds	16.5	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.5
Prior Year Surplus Sales Tax Carryover	81.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81.7
Other Revenue	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	5.7
Debt Issue *	220.0	255.0	165.0	150.0	150.0	80.0	70.0	100.0	60.0	55.0	1,305.0
Total Sources of Funds	642.3	584.3	496.0	479.7	490.9	430.3	432.3	473.3	447.0	453.7	4,901.7
Expenditures											
Capital Program Summary	481.0	412.9	316.5	296.6	301.6	235.0	234.1	268.0	240.4	240.4	3,026.4
Debt Service	158.2	168.9	177.3	179.9	187.1	191.1	195.0	200.4	204.0	207.9	1,869.8
Total Uses of Funds	639.1	581.8	493.8	476.5	488.7	426.1	429.2	468.4	444.4	448.3	4,896.2

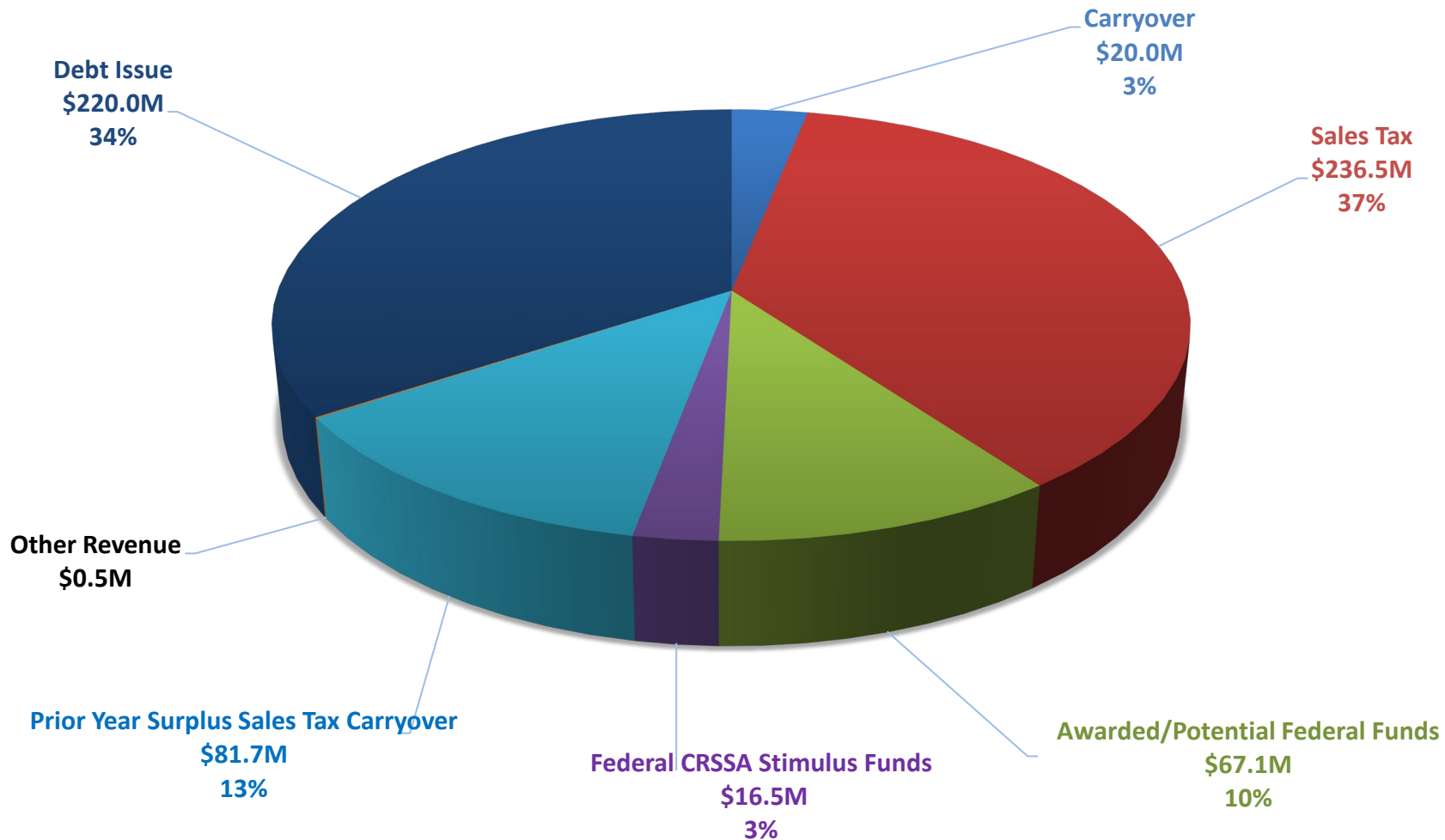
- Debt issuance timing and amount can vary depending on the final allocation of ARP Grant funds for Capital Program
- \$200 Million in anticipated ARP funds not shown allocated here.

FY22 Sources & Uses

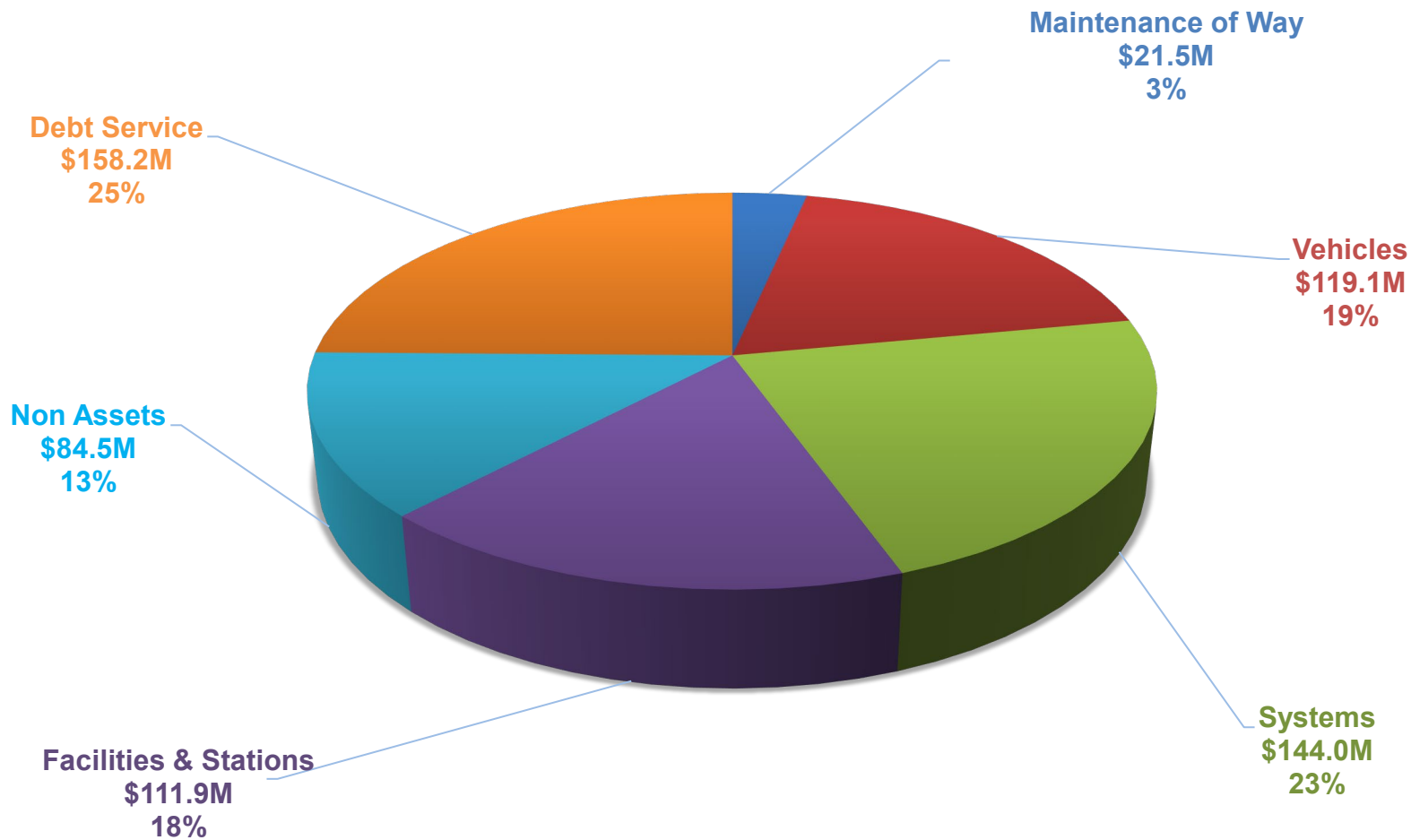
MARTA CAPITAL IMPROVEMENT PROGRAM		
STATE OF GOOD REPAIR		
[\$ in Millions]		
<u>RESERVES</u>		
FY21 Carry-Over		20.0
General Fund	20.0	
<u>FUNDING SOURCES</u>		
FY22 Sources		622.3
Sales Tax (Capital Allocation)	236.5	
Awarded/Potential Federal Funds	67.1	
Federal CRSSA Stimulus Funds	16.5	
Prior Year Surplus Sales Tax Carryover	81.7	
Interest Income	0.5	
Debt Issuance - Bonds	220.0	
Total Capital Funds		642.3
<u>PROJECT USES</u>		
FY22 CIP		481.0
Debt Service		158.2
Total Capital Expenditures		639.2
<u>FY22 Year Ending Balance</u>		3.1

FY22 Funding Sources

Total of \$642.3M



FY22 Expenditures Total of \$ (\$639.2M)



FY22 Top 10 Project Budgets by Cost

Capital Project Description	FY22	10 Year Total
CQ400 New Rail Car Purchase	\$ 67.8	\$ 697.9
Station Rehabilitation	45.0	371.6
CQ310/CQ311 Life Extension	26.6	36.6
Capital Services Allocation	25.0	250.0
Tunnel Ventilation	21.6	22.6
Traction Power Substation Sys	20.0	119.5
Train Control Systems Upgrade	17.5	17.5
Track Renovation –Phase IV	17.0	85.0
CPMO (SGR)	15.0	60.0
Escalators Rehabilitation	13.0	65.0
Grand Total:	\$ 268.5	\$1,725.7

Top 10 Projects consume approximately 56% of the FY22 CIP

FY22 – FY31 More MARTA Sources & Uses – City of Atlanta

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Totals FY22-FY31
Beginning Balance	118.4										118.4
Revenues											
Capital Sales Tax	29.6	31.9	33.5	34.7	28.8	26.1	27.0	24.0	24.9	26.0	286.4
Awarded Federal Funds	0.0	6.2	6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	18.6
Anticipated Federal Funds	4.0	4.5	4.0	4.0	10.0	27.5	32.5	32.5	32.5	32.5	184.0
Debt Issue	0.0	0.0	0.0	0.0	20.0	23.0	19.0	21.0	22.0	22.0	127.0
Total Sources of Funds	151.9	144.5	118.2	93.1	76.8	77.7	79.7	79.6	80.7	81.7	734.3
Expenditures											
CIP More Marta COA	50.0	70.0	70.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	715.0
Debt Service	0.0	0.0	0.0	0.0	0.7	1.5	2.6	3.3	4.5	5.5	18.1
Total Uses of Funds	50.0	70.0	70.0	75.0	75.7	76.5	77.6	78.3	79.5	80.5	733.1

FY22 Sources & Uses

More MARTA - City of Atlanta		
[\$ in Millions]		
<u>RESERVES</u>		
Beginning Value FY21	97.3	
Sales Tax Contributions	36.7	
Project Deductions	(11.0)	
Streetcar Operations	(5.4)	
Investment Income	0.8	
Ending Value - June 30 2021		118.4
<u>FUNDING SOURCES</u>		
FY22 Sources		33.6
Sales Tax	29.6	
Potential Federal Funds	4.0	
Total Capital Funds		152.0
<u>PROJECT USES</u>		
FY22 CIP	50.0	
Total Capital Expenditures		50.0
<u>FY22 Year Ending Balance</u>		102.0

FY22 More MARTA – City of Atlanta Uses of Funds

More MARTA - City of Atlanta	
Project Name	FY22
Capitol Ave./Summer Hill (BRT)	\$ 4,100,000
Campbellton (LRT)	\$ 6,787,091
Street Car East Ext. (LRT)	\$ 3,328,546
Street Car West Ext. (LRT)	\$ 193,385
Beltline Southwest (LRT)	\$ 143,826
Bankhead	\$ 1,908,703
Five Points Station Transformation	\$ 11,041,625
Greenbriar (TC)	\$ 384,273
Clifton Corridor (LRT)	\$ 10,072,439
Cleveland Ave. Route 578 (ART)	\$ 1,064,189
Metropolitan Pkwy Route 595 (ART)	\$ 814,619
North Avenue Phase 1 (BRT)	\$ 1,249,294
Planning CPMO Support	\$ 1,712,089
CPMO More Marta Atlanta (Communications)	\$ 1,345,272
CPMO More Marta Atlanta	\$ 2,500,000
Contingency Atlanta	\$ 3,354,649
Total:	\$50,000,000

FY22 – FY31 More MARTA Sources & Uses – Clayton Co

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Totals
Beginning Balance	148.3										148.3
Revenues											
Capital Sales Tax	28.4	30.7	32.2	33.4	34.6	28.7	26.0	23.1	20.0	20.8	277.9
Awarded Federal Funds	13.7	8.5	13.3	13.3	6.6	0.0	0.0	0.0	0.0	0.0	55.4
Potential Federal Funds	6.7	7.5	7.5	20.0	25.0	25.0	15.0	0.0	0.0	0.0	106.7
Debt Issue	0.0	0.0	0.0	0.0	0.0	0.0	23.0	67.0	71.0	75.0	236.0
Total Sources of Funds	197.2	183.8	176.8	158.5	139.7	108.4	87.4	91.7	93.8	97.5	824.3
Expenditures											
CIP More Marta Clayton	60.0	60.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	800.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.8	3.9	7.0	10.6	22.4
Total Uses of Funds	60.0	60.0	85.0	85.0	85.0	85.0	85.8	88.9	92.0	95.6	822.4

FY22 Sources & Uses

More MARTA - Clayton County		
[\$ in Millions]		
<u>RESERVES</u>		
Beginning Value FY21	124.3	
FY21 Sales Tax Contributions	27.8	
FY21 Project Deductions	(4.8)	
FY21 Investment Income	1.0	
Ending Value - June 30 2021		148.3
<u>FUNDING SOURCES</u>		
FY22 Sources		48.8
Sales Tax	28.4	
Awarded Federal Funds	13.7	
Potential Federal Funds	6.7	
Total Capital Funds		197.1
<u>PROJECT USES</u>		
FY22 CIP	60.0	
Total Capital Expenditures		60.0
<u>FY22 Year Ending Balance</u>		137.1

FY22 More MARTA – Clayton Co

Uses of Funds

More MARTA - Clayton County	
Project Name	FY22
Clayton County HCT	\$ 1,845,037
Clayton Bus Facility Real Estate	\$ 31,796,427
Clayton County Maintenance Facility	\$ 2,573,049
Clayton County BRT (Riverdale) Justice Cntr	\$ 13,433,455
CPMO Clayton	\$ 2,500,000
Contingency Clayton County	\$ 7,852,032
Total:	\$ 60,000,000

FUTURE EXPANSION FUNDING OPTIONS



Future Expansion Funding Options

Optimal Operating Reserve Level for MARTA

Background

- The MARTA Act requires funding and maintaining an operating budget reserve of ten percent (10%) of the prior year operating budget revenues, approximately \$55 million at present.
- The Government Finance Officers Association’s best practice recommendation for local governments and for entities like MARTA, is maintaining a reserve balance of what it will need to meet its average cash flow needs for about 60 days or 16.7% of operating expenditures. For MARTA, this translates to a reserve balance of approximately \$95 million.
- Some non-profit organizations suggest maintaining reserves as high as 90 days or 25% of annual operating expenses. This would mean a reserve balance of approximately \$140 million for MARTA based on the proposed FY 22 Budget.

Discussion - Optimal Reserve Level for MARTA

- Determining the adequate or the optimal operating reserve depends on several factors such as the reliability of operating revenues, impact of changes in economic conditions, impact of natural disasters, strategic goals, and state of good repair needs.
- During periods of hardship, not having adequate operating reserves can spell the difference between reduction in service and/or furloughs and maintaining safe and reliable transit service in the region. At the same time, maintaining a very high level of operating reserve is not a very efficient “use” or “investment” of MARTA’s resources.

MARTA Act Requirement	\$55M
Fare Revenue Mitigation	\$50M
Sales Tax Stabilization	\$20M
Optimal Reserve Level:	\$125M

Operating Sales Tax Funds Available for Capital Program

FY 21 Year End Forecasted Reserve	\$355M
Less Reserves Used for FY 22 Capital	(\$80M)
Less Suggested Reserve Level	(\$125M)
Reserve Funds Available for Expansion	\$150M
Bonding Capacity on \$20M/year Operating Sales Tax	\$360M
Total Local Sales Tax Funds Available for Capital Program	\$510M

All New Sources of Potential Funding for Capital Program

ARP Funds	\$200M
CRSSA Funds	\$33.5M
Local Sales Tax Funds	\$510M
State Transit Trust Funds	\$100M
Local SSD/TOD	\$250M
Sub Total New Sources of Available Funding	\$1,093.5M
FTA Matching Funds	\$500M to \$725M
Total New Sources of Available Funding	\$1,593.5 to \$1,818.5M

With ~ \$1.6 to \$1.8 Billion in potential new funding, Regional High Priority Capital Projects can be advanced

Future Expansion Funding

New Capital Funding: Potential Allocation	Jurisdiction	Project Name	15th Amendment Project	Currently Available		Req. State Approp	Req. Local Action	Available Federal Funding		New Federal Funding	Total New Funding	Currently Available
				New Funds: MARTA Sales Tax	New Funds: MARTA TOD Rev Bonds	New Funds: State Transit Trust Fund	Local SSD or Sales Tax	CRRSAA - 5307	ARP - 5307	FTA CIG		Existing MARTA Funding
	Atlanta	More MARTA COA	Yes	\$200.0M	\$50.0M	\$50.0M				\$300.0M	\$600.0M	\$1000.0M
	Atlanta	Bus Service Operational Improvements	Yes					\$20.0M			\$20.0M	
	Clayton	Clayton BRT	Yes					\$100.0M			\$100.0M	\$200.0M
	Clayton	Transit Center - Justice Center	Yes					\$5.7M			\$5.7M	\$15.0M
	Fulton	GA 400 ELT	Yes				\$100.0M			\$100.0M	\$200.0M	\$195.0M
	Fulton	South Fulton/Roosv. Highway BRT/ART	Yes	\$140.0M						\$70.0M	\$210.0M	\$202.5M
	Fulton	Bus Service Operational Improvements	Yes					\$10.0M			\$10.0M	
	DeKalb	I-20 East ELT (DeKalb) to Stonecrest	No	\$10.0M							\$10.0M	
	DeKalb	Bus Service Operational Improvements	Yes					\$20.0M			\$20.0M	
	DeKalb	Transit Center – S. DeKalb/ Stonecrest	Yes					\$16.0M			\$16.0M	\$35.0M
	Fulton/DeKalb	I-285 ELT (Fulton/DeKalb)	No	\$100.0M		\$50.0M	\$100.0M			\$250.0M	\$500.0M	
	Clayton/Fulton	Airport CID PRT Study	No	\$10.0M							\$10.0M	
	Atlanta/Fulton/DeKalb	MARTA Station Rehab	Yes	\$50.0M				\$50.0M			\$100.0M	\$371.0M
	All	Traction Power Substations	Yes					\$17.5M			\$17.5M	\$119.5M
		Total Distribution by funding source		\$510.0M	\$50.0M	\$100.0M	\$200.0M	\$33.5M	\$205.7M	\$720.0M	\$1819.2M	



Discussion