

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

June 27, 2011

The Board of Directors Business Management Committee met on June 27, 2011 at 10:00 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.
Wendy Butler
Frederick L. Daniels, Jr., Chair
Jim Durrett
Roderick E. Edmond
Jannine Miller*
Adam Orkin

MARTA officials in attendance were: General Manager/CEO Beverly A. Scott; Deputy General Manager/COO Dwight A. Ferrell; AGMs Davis Allen, Joe Erves (Acting), Joseph Dorsey (Acting), Ben Graham, Rod Hembree (Acting), Mary Ann Jackson, Cheryl King, Barbara Kirkland (Acting), Ryland McClendon, Paula Nash (Acting), Gary Pritchett and B.K. Trivedi (Acting); Sr. Directors Johnny Dunning, Jr. and Kevin Hurley; Directors Lowell "Rip" Detamore, Reginald Diamond, Walter Jones and Knox O'Callaghan; Managers Jim Dunna, Paul Grether, Roosevelt Stripling, Marvin Toliver and Denise Whitfield; Executive Manager to the Board Rebbie Ellisor-Taylor; Executive Administrator Renee Willis; Department Administrator Lisa Lee; Office Administrator II Tracie Roberson; Others in attendance Rick Chambers, Phillip Cherry (Intern), Matthew Crane (Intern), Anthony Pines, Srinath Remala and Will Stinson.

Also in attendance Charles Pursley, Jr. of Pursley of Pursley, Lowery & Meeks; Matt Pollack of MATC; Calvin Watts.

Approval of the May 31, 2011 Business Management Committee Meeting Minutes

On motion by Mr. Durrett seconded by Mr. Buckley, the minutes were unanimously approved by a vote of 4 to 0, with 4 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 the Execution of a FTA Grant and Corresponding Local Agreement for the Luckie Street/Atlanta Streetcar Two-Way Conversion Project

Mr. O'Callaghan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to execute a grant from the Federal Transit Administration (FTA) and a corresponding local intergovernmental Memorandum of Agreement (MOA) with the City of Atlanta and the Atlanta Downtown Improvement District, Inc. (ADID) relating to the proposed receipt by MARTA of \$1M in Federal funding for the Luckie Street/Atlanta Streetcar Two-Way Conversion project. This funding is for necessary capital improvements to the Luckie Street segment, which is an integral component to the overall implementation of the Atlanta Streetcar project in an operationally safe and effective manner.

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 the Solicitation of Proposals for MARTA Concessions Program Advisor, Request for Proposals P23771

Ms. Whitfield presented this resolution for Board of Directors' approval authorizing the solicitation of proposals for MARTA Concessions Program Advisor by means other than competitive bidding, in accordance with Section 14(m) of the MARTA Act, through the use of Request for Proposals. The selection of a preferred proponent shall be subject to the approval of the Board of Directors in accordance with Section 14 of the MARTA Act.

Mr. Orkin asked what does staff believe cannot be done in-house, wherein a consultant would be necessary.

Ms. Whitfield said MARTA only has one dedicated staff member for the concessions program. Even with assistance from the Planning Department, MARTA does not have the expertise or staff time necessary to get Phase II of the program up and running. Staff is looking at having kiosks ready for the holiday season and does not want to make mistakes on this. The advisor would be responsible for hosting an "Industry Day" to exchange details of MARTA's retail program while encouraging face-to-face discussions with potential concessions partners. The advisor would also help MARTA staff determine retail space and assist with construction requirements and specifications.

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Mr. Orkin expressed concern over the amount of money expected to be spent on a consultant. He said staff should look at doing this in-house or locally.

Ms. Whitfield commented that this program needs someone specific experience in travel/transit retail which may be difficult to find on a local level.

Mr. Orkin said that the concept is good but MARTA needs to watch its dollars on this.

Ms. King said Ms. Whitfield is MARTA's only full-time concessions employee. The Authority has gone out before and did not receive a good response. Staff now understands the value of MARTA's real estate and realizes that an expert is needed to carry this out.

Dr. Scott added that at WMATA in 1997, twenty-seven (27) employees were dedicated to the concessions program. This is an unproven market; staff wants to do it well and needs help.

Mr. Durrett said this is the right approach.

Mr. Daniels asked what will be the work of the consultant after Phase II is up and running.

Ms. Whitfield said in the third year the consultant will help MARTA transition their duties to MARTA staff.

Mr. Daniels asked about the length of the contract.

Ms. Whitfield responded that it is three years.

Mr. Orkin asked recommended a 1-year contract; get it down to \$100K or less and look at a local advisor.

Ms. Whitfield said staff has developed a comprehensive financial model; it will be very difficult to build-out in 16 stations with such a limited dollar amount.

Dr. Scott asked the Board's consideration in delaying this item in order to work through with the Board.

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Ms. King added that staff will conduct a concessions briefing next month and discuss the RFP.

Dr. Scott asked the Board to inform staff of any other specific questions.

Mr. Buckley made a motion to table to resolution.

Mr. Durrett seconded.

The resolution was tabled by a vote of 5 to 0, with 6 members present.

Mr. Edmond abstained.

Resolution Requesting Authorization to Exercise Second Option Period for Project B12802, Job Order Contract (JOC)

Mr. Pritchett presented this resolution for Board of Directors' approval authorizing the General Manager or her delegate to exercise the second option period for Contract CP B12802, Job Order Contract (JOC).

Mr. Durrett asked what the difference is between JOC and line items in the Capital Improvement Plan.

Mr. Pritchett said JOC includes small projects, those that do not require sealed bidding or no design-build.

Mr. Daniels asked has cost already been locked in.

Mr. Pritchett said yes.

Mr. Daniels asked if the dollars being extended are already allocated.

Mr. Pritchett answered yes.

Dr. Scott added that MARTA uses a book of standard value prices in which there is pre-determined cost of inflation.

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

Briefing – Financial Highlights/KPIs (April YTD)

Mr. Allen briefed the Committee on April Year-to-Date (YTD) Fiscal Year 2011 Financial Performance and Key Performance Indicators (KPIs).

- **Actual Revenues in the month of April were favorable by \$2.4M, or 8.6%. The overall net favorable result in Revenue was primarily due to:**
 - **Sales Tax receipts over-performing relative to plan in April**
 - **Higher than planned Passenger Revenues that were conservatively projected for FY11 due to a high degree of uncertainty over the elasticity impacts related to fare increases and a reduction in service**
 - **Other Revenues, particularly the Alternative Fuel Tax Rebate, not being received as planned – this revenue is fully expected to be received before the end of the fiscal year**
- **On an April YTD basis, actual Revenues were favorable by \$12.2M, or 4.4%.**
- **Actual Expenses were under budget (favorable) by \$1.8M, or 5.5% in the month of April. This positive variance was primarily due to:**
 - **Salaries & Wage were favorable by \$1.4M**
 - **Overtime Expenses were 46.8% over budget primarily due to the covering of some operating vacancies , the coverage of some services while awaiting incorporation into the official service plan and a variety of other issues**
 - **Benefits were favorable by 8.9% due to not accruing any additional union pension contributions**
 - **CNG was favorable by 47.3% due to the actual dekatherm coming in less than the budgeted price**
 - **Diesel was unfavorable by \$0.1M due to the actual fuel costs per gallon pricing rate being higher than planned in the month**
 - **Other Materials & Supplies Expenses were 5.9% unfavorable due to timing related differences in expensing invoices**
- **On an April YTD basis, net operating budget expenses are favorable by \$5.3M**

- Sales Tax Subsidy
 - YTD actual Net Operating Loss (deficit) of \$39.9M requires a sales tax subsidy of 64.9%
 - The Budgeted Sales Tax Subsidy is 71.9%
- KPIs
 - Budget variance for the month of April was favorable at -5.53% under budget
 - Combined Ridership for the month of April was 11.7M unlinked passenger boardings, which exceeded the monthly forecasted total of 9.5M by 23.3%
 - Bus Cost per Passenger Trip of \$3.01 was better than the forecast of \$3.78 by 20.4%
 - Rail Cost per Passenger Trip of \$2.00 in April was better than the forecast of \$2.67 or 25.1%
 - MARTA Mobility Cost per Passenger Trip of \$27.96 in April was better than the planned rate of \$42.58 by 34.3%

Other Matters

Mr. Daniels referenced Tab 6 of the Committee books and asked Board Members to review these items:

- a) List of Future Resolutions & Presentations
- b) Ridership Update (February YTD)

Adjournment

The meeting of the Business Management Committee adjourned at 10:58 a.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board