MINUTES

MEETING OF THE BOARD OF DIRECTORS

BUSINESS MANAGEMENT COMMITTEE

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

August 26, 2013

The Board of Directors Business Management Committee met on August 26, 2013 at 10:33 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

MARTA officials in attendance were: General Manager/CEO Keith T. Parker, AICP; Chief Operating Officer Richard A. Krisak; Chief of Staff Rukiya Eaddy; Chief Administrative Officer Edward L. Johnson; Chief Financial Officer Gordon L. Hutchinson; Program Manager, Strategic Transformation Initiative Davis Allen; AGMs Deborah Dawson, Wanda Dunham, Shyam Dunna (Interim), Rod Hembree (Acting), Jonnie Keith (Acting), Ryland McClendon and Elizabeth O'Neill; Executive Director Ferdinand Risco; Senior Director Donald Williams; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid; Others in attendance Ricky Chambers, Willie Clemons, Don Lawrence and Tuan Vo.

Also in attendance Matt Pollack of MATC.

Consent Agenda

Approval of the July 29, 2013 Business Management Committee Meeting Minutes

On a motion by Mr. Buckley seconded by Mr. Durrett the Consent Agenda was unanimously approved by a vote of 3 to 0, with 3 members present

Individual Agenda

Briefing – June Year-to-Date FY 2013 Budget Variance Analysis and Five Year Historical Key Performance Indicators

Mr. Hutchinson briefed the Committee on the June Year-to-Date (YTD) FY 2013 Budget Variance Analysis and Five Year Historical Key Performance Indicators.

During the month of June, total net revenues were $34.8 or 0.3% greater than budget (favorable) due to a favorable variance of $3.8M or 100.0% in Title Ad Valorem Tax, due to the receipt of Title Ad Valorem Tax. This was offset by a negative variance of $1.8M or 26.0% in Federal Assistance due to a decrease in eligible Preventive Maintenance reimbursable expenses and an unfavorable variance of $1.5M or 10% in Sales Tax Revenue due to under-performing Sales Tax relative to plan as forecasted by the Georgia State Economic Forecasting Center.

Also during the month total net expenses were $4.8M or 10.8% less than budget (favorable) primarily due to a favorable variance of $4.1M or 62.1% in Other Non-Labor and a favorable variance of $2.3M or 35.8% in Contractual Services. This was offset by unfavorable variances in Overtime of $1.6M or 101.1% and Healthcare Rep/Non-Rep of $1.3M or 25%.

Year-to-Date (YTD) Operating Revenues

- On a June year-to-date-basis, actual Revenues were favorable by $3.3M or 0.8% – of this amount:
  - Title Ad Valorem Tax was favorable by $7.2M or 100% due to the receipt of Title Ad Valorem Tax
  - Other Revenue was favorable at $3.3M or 43.5% due to the receipt of the Alternative Tax Rebate and favorable Sales Tax receipts of $2.5M or 1.5% due to over-performing sales tax relative to plan as forecasted by the Georgia State Economic Forecasting Center which was offset by Federal Assistance of $8.1 M or 10.9% due to a decrease in eligible Preventive Maintenance reimbursable expenses
- The net overall favorable result in total Revenue was primarily due to the combined effects of the following:

- Sales Tax receipts over-performing (1.5%) relative to plan on a June YTD basis as forecasted by the Georgia State Economic Forecasting Center
- Title Ad Valorem Tax was favorable by $7.2M or 100.0% due to the receipt of Title Ad Valorem Tax

- Passenger Revenue was lower than budget by 0.9% and YTD ridership was lower than projected by 3.7%
  - Revenue associated with selling of breeze cards, which are unrelated to trip making revenue, account for the slight difference in percentages
  - Additionally, the cost of fare media is no longer included as a contra revenue item.
- Station Parking was lower at 14.6% 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 0.2% primarily due to the Amortized Lease Income due to the unwinding of two defeased lease transactions/traunches in June 2012
- Federal Assistance was below budget by $8.1M or 10.9% due to a decrease in eligible Preventive Maintenance reimbursable expenses
- Other Revenues were above budget by $3.3M or 43.5% due to the receipt of the Alternative Tax Rebate

Year-to-Date Budget vs. Actual Expense Performance

- On a June year-to-date basis, net operating budget expenses were under budget (favorable) by $39.0M or 9.0% primarily due to the combined effects of the following:
  - Salaries & Wages were favorable by $21.9M or 9.9%
  - Overtime Expenses were $4.7M or 22.1% over budget (unfavorable) which is an offsetting impact of the vacancies
  - Benefits were under budget by $9.4M or 7.1% due primarily to vacancies and Healthcare being less than planned
  - Contractual Services were $2.8M or 8.9% under budget

- CNG Fuel was $1.6M or 26.2% under budget due to running fewer miles than planned
- Diesel Fuel was $0.5M or 5.1% under budget also due to running fewer miles than planned
- Other Materials & Supplies were unfavorable by $2.1 M or 7.4%
- Other Non-Labor charges were $4.6M or 13.6% under budget (favorable) due primarily to a positive variance in casualty & liability, utilities, telephone and propulsion power
- Capital charges were favorable at $4.8M or 9.6% under budget

Sales Tax Subsidy

- The Year-to-Date actual Net Operating Surplus of $9M requires a sales tax subsidy of 47.3% which is favorable to the budget
- The Annual Budgeted Sales Tax Subsidy is 59.9%

Historical Performance FY09 – FY13

- Revenues and Expenditures (millions)
  - FY09
    - Revenues - $332.9
    - Expenditures - $386.1
  - FY10
    - Revenues - $378.3
    - Expenditures - $399.9
  - FY11
    - Revenues - $365.2
    - Expenditures - $400.1
  - FY12
    - Revenues - $406.3
    - Expenditures - $406.7
  - FY13 (unaudited)
    - Revenues - $404.9
    - Expenditures - $395.9

- Outstanding Long-term Debt and Capital Assets (net book value)
  - FY09
    - Capital Assets - $3,360
    - Long-Term Debt - $1,482
  - FY10
    - Capital Assets - $3,273
    - Long-Term Debt - $1,691
  - FY11
    - Capital Assets - $3,158
    - Long-Term Debt - $1,631
  - FY12
    - Capital Assets - $3,078
    - Long-Term Debt - $1,891
  - FY13 (unaudited)
    - Capital Assets - $3,034
    - Long-Term Debt - $1,991
- Debt Service History (Principal, Interest and Total Debt Service)
  - FY09
    - Principal - $51.64
    - Interest - $67.45
    - Total Debt Service - $119.09
  - FY10
    - Principal - $54.93
    - Interest - $67.62
    - Total Debt Service - $122.55
  - FY11
    - Principal - $58.37
    - Interest - $73.40
    - Total Debt Service - $131.77
  - FY12
    - Principal - $62.86
    - Interest - $69.75

        - Total Debt Service - $132.61
    - FY13 (unaudited)
        - Principal - $53.80
        - Interest - $84.40
        - Total Debt Service - $138.20
- Ridership (millions of unlinked trips)
    - FY09
        - Bus – 72.7
        - Rail – 83.4
        - Combined – 156.5
    - FY10
        - Bus – 68.0
        - Rail – 77.7
        - Combined – 146.3
    - FY11
        - Bus – 63.1
        - Rail – 76.2
        - Combined – 139.9
    - FY12
        - Bus – 61.6
        - Rail – 72.7
        - Combined – 134.9
    - FY13
        - Bus – 59.7
        - Rail – 69.6
        - Combined – 129.9
- Bus On-Time Performance (OTP)
    - FY09 – 70.03%
    - FY10 – 72.42%
    - FY11 – 72.09%
    - FY12 – 74.62%
    - FY13 – 76.43%

- Bus Mean Distance Between Failures (MDBF)
  - FY09 – 2,039
  - FY10 – 2,458
  - FY11 – 2,837
  - FY12 – 2,946
  - FY13 – 2,452
- Bus Mean Distance Between Service Interruptions (MDBSI)
  - FY09 – 4,757
  - FY10 – 5,209
  - FY11 – 4,988
  - FY12 – 4,482
  - FY13 – 3,672
- Rail OTP
  - FY09 – 96.42%
  - FY10 – 97.01%
  - FY11 – 97.63%
  - FY12 – 97.79%
  - FY13 – 97.54%
- Mobility MDBF
  - FY09 – 27,665
  - FY10 – 42,322
  - FY11 – 31,215
  - FY12 – 14,971
  - FY13 – 9,635
- Mobility MDBSI
  - FY09 – 46,685
  - FY10 – 58,705
  - FY11 – 44,045
  - FY12 – 19,794
  - FY13 – 5,904
- Elevator and Escalator Availability
  - FY09
    - Elevator – 97.55%
    - Escalator – 96.61%

- FY10
    - Elevator – 97.79%
    - Escalator – 80.89%
- FY11
    - Elevator – 97.58%
    - Escalator – 85.99%
- FY12
    - Elevator – 97.75%
    - Escalator – 93.98%
- FY13
    - Elevator – 99.05%
    - Escalator – 97.20%

- Part I Crime Rate
    - FY09 – 3.09
    - FY10 – 2.87
    - FY11 – 2.97
    - FY12 – 3.37
    - FY13 – 4.16

Mr. Daniels asked what is the industry standard for Bus MDBF.

Mr. Krisak said it is ideal to at least reach the 6,000 mile inspection interval.

Mr. Daniels asked what will be done to address the declining trend in MDBF.

Mr. Krisak said MARTA has completely revamped its Preventative Maintenance program to respond to technological changes – the Authority is seeing positive results. The Preventative Maintenance side of Mobility is sound; aging fleet has caused that decline.

Mr. Parker said due to budget cuts many agencies hit this stage. The vehicles have gone too long and now MARTA is paying the price.

Mr. Krisak said MARTA should be buying new buses every year but that has not been practicable.

Mr. Daniels thanked staff for bringing forth the historical KPI performance. This sets a baseline for improving going forward. Moving forward, he asked staff to provide the percentage change from the prior year in YTD financials briefings.

Other Matters

The Committee received the June FY 2013 Key Performance Indicators as informational only.

Adjournment

The meeting of the Business Management Committee adjourned at 11:17 a.m.

Respectfully submitted,

Kellee N. Mobley

Kellee N. Mobley
Sr. Executive Administrator to the Board