

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

March 28, 2011

The Board of Directors Business Management Committee met on March 28, 2011 at 11:33 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Juanita Jones Abernathy
Robert L. Ashe, III
Harold Buckley, Sr.
Wendy Butler
Frederick L. Daniels, Jr., Chair
Jim Durrett
Roderick E. Edmond
Noni Ellison-Southall
Barbara Babbitt Kaufman
Jannine Miller*
Adam Orkin

MARTA officials in attendance were: General Manager/CEO Beverly A. Scott; Deputy General Manager/COO Dwight A. Ferrell; Chief Business Support Services Theodore Basta, Jr.; AGMs Davis Allen, Deborah Dawson, Wanda Dunham, Ben Graham, Georgetta Gregory, Mary Ann Jackson, Jonnie Keith, Cheryl King, Rich Krisak, Ryland McClendon, Elizabeth O'Neill and Gary Pritchett; Sr. Directors Johnny Dunning, Jr., Kevin Hurley and David Springstead; Directors Cynthia Moss Beasley, Sharon Crenshaw, Lowell "Rip" Detamore, Reginald Diamond, Joe Erves, Garry Free, Lyle Harris, Walter Jones and Carol Smith; Managers Cara Hodgson, Robert H. Thomas, Marvin Toliver and Denise Whitfield; Executive Manager to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Sr. Executive Administrator Renee Willis; Finance Administrative Analyst Tracy Kincaid; Others in attendance Frederick Askew, Arnold Campbell, Leeshu Kennedy, Subash Mundle, Anthony Pines, Srinath Remala and Toni Thornton.

Also in attendance Charles Pursley, Jr. of Pursley of Pursley, Lowery & Meeks; Shean Atkins and Barney Simms of AHA; Ariel Hart of AJC; Dan Eller and Mike

*Jannine Miller is Executive Director of Georgia Regional Transportation Authority (GRTA) and is therefore a non-voting member of the MARTA Board of Directors

Plant of Atlanta Braves; David L. Bennett of Atlanta Mayor's Office; Frank Beauford of Clayton County; Devin Fehely of 11 Alive; Darryl Carver and Regynal McKie of Fox 5; Jim Brown of GRTA; Darryl Peek of In the Mix Radio Show; Matt Pollack of MATC.

Approval of the February 28, 2011 Business Management Committee Meeting Minutes

On motion by Mrs. Butler seconded by Mrs. Kaufman, the minutes were unanimously approved by a vote of 9 to 0, with 10* members present.

Briefing – Variable Based Fare Structure and Fare/Parking Fees Action Plan

Mr. Mundle provided a briefing on variable based fare structure and fare/parking fee collection activities that are scheduled for completion during FY 2011 — for implementation in FY 2012 and beyond.

Action Plan for FY 2011 – identifies the specific activities that need to be carried out in order to secure MARTA Board approval of the necessary changes by the end of June 2011, to be implemented in October 2011. Major activities include:

- Fare Pricing Levels for FY 2011 – daily and monthly pass prices were increased in early October 2011. The base fare remained unchanged at \$2.00
- Close Rail Station Exits – develop plans and prepare cost estimates for fare gates and emergency exits
- No Tolerance Policy – develop a policy for all modes
- Renegotiate Reciprocal and Breeze Agreements – develop revised policies
- Variable Based Fare Structure (VBFS) – complete the evaluation and selection of a VBFS alternative, develop an implementation plan and secure funding
- Next Generation of Fare Payment System – develop a project description and concept for the next generation of fare payment system
- Parking Registration Permit – development, evaluation and selection of an alternative parking permit program

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Next Generation of Fare Payment System

As the Breeze fare collection system ages, MARTA must decide which direction it will take in updating its fare collection technology. The Next Generation of Fare Payment System is expected to take one of the following approaches: (1) continue with the closed legacy system (Breeze); (2) implement a combination of a closed and open system – similar to the approach being taken by WMATA (Washington, DC metropolitan area transit); (3) implement an open fare payment system only – similar to the approach being taken by CTA (Chicago metropolitan area transit) and Toronto, Canada. Over the next several months, MARTA will need to develop a project description and concept for the Next Generation of Fare Payment System.

Mr. Daniels asked if Google or Android would help in reducing cost. He asked what is being forecast for future fare structure.

Mr. Mundle responded that the future holds the development of a system that has not traditionally been looked at such as a Public/Private Partnership (PPP) using Google or some other network system. ISIS is another possibility. These companies could bring as much as \$100M to the table in financing and could also manage the project.

Dr. Scott stated that staff will work with Board members' schedules to schedule a full day in July for the sole purpose of reviewing fares and fare structure. She noted that there is pressure to do variable-based fares based on equity. Also, the regional partners need to be at the table.

Briefing – Financial Highlights

Mr. Allen briefed the Committee on Financial Highlights for January and January Year-to-Date FY 2011.

- Actual revenues in the month of January were favorable by \$4.9M due to combined effects of the following:
 - Favorable Sales Tax Receipts variance of \$3.9M
 - Favorable variance in Passenger Revenues of \$1.2M
 - Partially offsetting unfavorable variance in Federal Assistance of 4.4%
- On a January YTD basis, actual Revenues were favorable by \$9.9M

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- **Actual Expenses were over budget by \$2.3M**
 - **Salaries & Wages were unfavorable by 2.8%, primarily due to the one-time expensing of nine paid leave days and two holidays for the represented employees in conjunction with the recently negotiated conversion from Personal Time Off (PTO) leave process to traditional sick, vacation and holiday time entitlement program**
 - **Benefits were unfavorable by 2.4%, primarily due to unplanned one-time catch-up payments into State Unemployment and FICA accounts – costs generated by the Authority's Reduction in Force (RIF) action and continuing Furlough Program**
 - **Contractual Services were 44.9% over budget, primarily due to an under-allocation in the monthly sub-budget category of Passenger/Facility Maintenance contract expenses**
- **On a January YTD basis, net operating budget expenses were favorable by \$6.3M**
- **YTD actual net operating loss of \$35.3M requires a sales tax subsidy of 68.9% - the budgeted Sales Tax Subsidy is 71.9%**

Other Matters

Mr. Basta provided the Committee an update on the FY 2012-2016 Budget development.

Near-Term Cost Containment Considerations

- **Eliminate employee paper checks/stubs**
- **Reduce reproduction equipment/copiers**
- **Paperless processes**
- **Breeze Partners' cost sharing**
- **Other internal efficiencies**

Long-Term Cost Containment Considerations

- **Inventory Management**
- **Employee Availability (Attendance)**
- **Outsourcing of in-house activities**

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- **Organizational consolidations and efficiencies**
- **Administrative cost review**
- **Paratransit (Mobility) cost containment – eligibility; travel training for better utilization of fixed route services; managing impacts of mandated zero denial rate**

Promote Additional Revenue Generation

- **Expand paid overnight parking to all parking lots**
- **Initiate daytime parking charge**
- **Identify creative ways to leverage fixed assets**
- **Increase other advertising revenue streams**
 - **Wi-Fi in stations and/or on buses and rail cars**
 - **Expand concessions program**
 - **Naming rights, advertising on right-of-ways and in tunnels**

Next Steps

- **Select 2012 Fare Structure and Multi-Year Fare Structure Policy**
- **Select 2012 Reserve Level and Multi-Year Reserve Level Policy**
- **Review Reinvestments and Related Impacts**
- **Next Operating & Capital Budgets Update – April 18 Operations Committee Meeting**
- **Recommended Operating & Capitals Budgets for advancement to Public Hearings – April 26 Business Management Committee**

Mr. Daniels referenced Tab 5 of the Committee books and asked Board Members to review these items:

- a) **List of Future Resolutions & Presentations**
- b) **FY 2012 Budget Development Schedule**
- c) **Financial Markets Update**
- d) **Ridership Update (January YTD)**

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Adjournment

The meeting of the Business Management Committee adjourned at 12:44 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kellee N. Mobley", written over a horizontal line.

Kellee N. Mobley
Sr. Executive Administrator to the Board