

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

**September 24, 2012**

The Board of Directors Operations Committee met on September 24, 2012 at 10:07 a.m. in the Board Room on the 6<sup>th</sup> 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  
Adam Orkin

MARTA officials in attendance were: General Manager/CEO Davis Allen (Acting); Deputy General Manager/COO Mary Ann Jackson (Acting); AGMs Wanda Dunham, Ben Graham, Rod Hembree (Acting), Robin Howard, Miriam Lancaster (Acting), Cheryl King, Ryland McClendon, David Springstead (Acting) and Elizabeth O'Neill; Sr. Director Donald Williams; Directors Anton Bryant, Sharon Crenshaw, John Crocker, Maurice Ficklin, Garry Free, Walter Jones, Jennifer Jinadu-Wright, Ferdinand Risco and Carol Smith; Managers Emmett Crockett, Donna DeJesus, Tony Griffin, Cara Hodgson, Roosevelt Stripling, Robert H. Thomas and Marvin Toliver; Executive Manager/Assistant Secretary to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Executive Administrator Renee Willis; Others in attendance Christopher Dorsey, Greg Floyd, William Jones, Don Lawrence, Robin Salter, Gregory Snyderman, Calvin Starling, Tuan Vo and Jason Ward.

Also in attendance Charles Pursley, Jr. of Pursley, Lowery & Meeks, LLP; Pam Alexander of LTK; Jim Brown of URS; Elise Castille of GSU; Jonathan Lewis and Nathan Soldad of City of Atlanta; Richard Markwith of TranSystems; Jim Stokes of Livable Communities Coalition; Granvel Tate of Invest Atlanta.

**Approval of the July 30, 2012 Business Management Committee Meeting Minutes**

On motion by Mr. Durrett seconded by Mrs. Kaufman, the minutes were unanimously approved by a vote of 7 to 0, with 7 members present.

**Briefing - June Year-to-Date FY 2012 Budget Variance Analysis and Financial Key Performance Indicators(KPIs)**

Mr. Allen briefed the Committee on Briefing - June Year-to-Date FY 2012 Budget Variance Analysis and Financial KPIs.

*Budget Variance Analysis*

- During the month of June, total net revenues were \$5.0M or 13.8% more than budget (favorable) mainly due
  - A favorable variance of \$4.4M or 91.8% in Federal Assistance, which was attributed to additional Federal Operating Assistance, particularly Federal Highway Funds and the ARC Flex
  - A favorable variance of \$2.1M in Lease Income due to \$2.0M associated with the termination of two defeased lease tranches.
- Also during the month total net expenses were \$4.8M or 12.8% more than budget (unfavorable) due primarily to
  - An unfavorable variance of \$6.0M in Other Materials & Supplies due to an obsolete inventory write off of \$5.1M and a Breeze ticket inventory procurement of \$1.5M.
- On a June year-to-date-basis, actual Revenues were favorable by \$14.9M or 3.8%.
  - Federal Assistance was favorable by \$15.6M or 41.2%;
  - Lease Income was favorable by \$2.4M or 25.1 %;
  - Sales Tax receipts had an unfavorable variance of \$4.9M or 2.4%.
- The net overall favorable result in total Revenue was primarily due to the combined effects of the following:

- Sales Tax receipts under-performing (2.4%) relative to plan on a June YTD basis as forecasted by the Georgia State Economic Forecasting Center
- Passenger Revenue was higher than budget due to ridership being greater (9.4%) than projected
- Station Parking was lower at 8.4% below budget
- Lease Income, particularly the Amortized Lease Income, was above budget by 25.1 %
- Federal Assistance was higher than budget (41.2%)
- Other Revenue was higher than budget (17.9%)
- On a June year-to-date basis, net operating budget expenses were under budget (favorable) by \$8.5M or 2.0% primarily due to the combined effects of the following:
  - Salaries & Wages were favorable by \$8.7M or 4.2% on a June year-to-date basis
  - Overtime Expenses were \$5.5M or 26.3% over budget (unfavorable) due primarily to the coverage of represented employee vacancies in Rail and Bus Maintenance positions, Facilities, Rail Services, and sworn police officers.
  - Benefits were unfavorable by \$2.7M or 2.3% due primarily to an overrun in represented employee healthcare costs
  - Contractual Services were \$4.1M or 13.3% under budget
  - CNG Fuel was \$0.4M or 6.1% under budget
  - Diesel Fuel was \$0.6M or 6.4% under budget
  - Other Materials & Supplies were unfavorable by \$7.7M or 30.3% due to write offs in the obsolete inventory account (\$5.1 M) and a Breeze ticket inventory procurement of \$1.5M in the month of June
  - Other Non-Labor charges were \$4.2M or 12.3% under budget
  - Capital charges were favorable at \$6.4M or 15.5% under budget
- The Year-to-Date actual Net Operating Surplus of \$0.6M requires a sales tax subsidy of 57.8%, which is favorable to the budget – the Annual Budgeted Sales Tax Subsidy is 64.5%.

*Key Performance Indicators*

- Combined Ridership for the month of June was 10.8M unlinked passenger boardings which exceeded the forecasted total of 9.8M by 1.0M trips or 10.2%. Combined Ridership of 134.9M unlinked trips for the Fiscal Year 2012 (the months of July through June) exceeded the forecast of 123.3M unlinked trips by 11.6M, or 9.4%.
- The Cost per Bus Passenger Trip of \$4.51 in June was better than the forecast of \$4.52 by \$0.01 or 0.2%. This favorable variance was due to bus ridership exceeding the forecast of unlinked trips by 578K or 13.2%. The Cost per Bus Passenger Trip of \$3.47 for the Fiscal Year 2012 (the months of July through June) was better than the forecast of \$3.97 by \$0.50 or 12.6%, mostly due to bus ridership exceeding the forecast of unlinked trips by 6.6M or 12.0%, as well as net under runs in budgeted expenses.
- The Cost per Rail Passenger Trip of \$3.12 in June was higher than the forecast of \$2.97 by \$0.15 or 5.1%. This unfavorable variance was mostly due to net over runs in budgeted expenses for the month. The Cost per Rail Passenger Trip of \$2.39 for the Fiscal Year 2012 (the months of July through June) was better than the forecast of \$2.61 by \$0.22 or 8.4% mostly due to rail ridership exceeding the forecast of unlinked trips by 4.9M or 7.2%, as well as net under runs in budgeted expenses.
- The Cost per MARTA Mobility Passenger Trip of \$39.07 in June was better than the forecasted \$42.27 by \$3.20 or 7.6%. This favorable variance was mostly due to Mobility ridership exceeding the forecast of unlinked trips by 8.7K or 22.0%. The Cost per MARTA Mobility Passenger Trip of \$30.98 for the Fiscal Year 2012 (the months of July through June) was better than the forecast of \$37.14 by \$6.16 or 16.6% mostly due to Mobility ridership exceeding the forecast of unlinked trips by 87.9K or 17.8%, as well as net under runs in budgeted expenses.

Mr. Daniels asked when can MARTA expect a reforecast from Georgia State's Economic Forecasting Center.

Mr. Allen said the Center suggests that it be done after the elections. MARTA can expect the reforecast towards the end of November 2012.

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Dr. Edmond asked if MARTA is trying to limit long term leases.

Mr. Allen said the Authority is looking at issuing bonds that will be tied to the life of the projects.

Mr. Daniels asked if this is the first time MARTA has looked at obsolete materials.

Mr. Allen said this is the first time staff has done such an in-depth look.

Mr. Daniels said this pertains to products that are no longer being used but MARTA still has a debt obligation. He stated concern over the amount of debt with no asset to match.

Mr. Allen said staff will provide a report.

Dr. Edmond asked what did management do to encourage employees to move to the less expensive health care coverage offered by Kaiser Permanente.

Mr. Allen said a response would be provided by Human Resources.

Dr. Edmond asked what is being done about the Workers Compensation claims.

Mrs. O'Neill said an actuarial study showed that MARTA needs more in reserves to handle the claims.

Dr. Edmond asked how does MARTA compare to other agencies.

Mrs. O'Neill said MARTA's numbers are high; however, the Authority doesn't have system to separate claims into categories of preventable, non-preventable, creditable accidents versus non-creditable, etc. She said MARTA is looking at a new Risk Management Information System.

Mr. Orkin asked what are the benchmarks on medical for bus, rail and mobility. He asked how does MARTA compare with other transits.

Mr. Allen responded staff is working on the report and will get a copy to Board Members.

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Mr. Daniels asked if MARTA is providing safety training to employees to prevent accidents.

Mr. Allen said MARTA's Safety & Quality Assurance department is doing a good job training employees.

**Other Matters**

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Dr. Edmond announced that the following agenda items:

- #3a – May FY 2012 Ridership Analysis
- #3b – May FY 2012 Key Performance Indicators (KPIs)

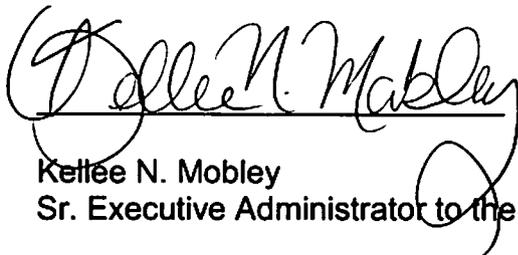
were included in the Business Management Committee package of materials for information purposes only.

**Adjournment**

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The meeting of the Operations Committee adjourned at 10:29 a.m.

Respectfully submitted,



Kellie N. Mobley  
Sr. Executive Administrator to the Board