

MINUTES

BUSINESS MANAGEMENT COMMITTEE

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

November 21, 2019

The Board of Directors Business Management Committee met on October 31, 2019 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

Roberta Abdul-Salaam
Roderick E. Edmond
William 'Bill' Floyd
Roderick A. Frierson
Jerry Griffin
Freda B. Hardage
Alicia M. Ivey
John 'Al' Pond
Rita A. Scott

MARTA officials in attendance were: General Manager/ CEO Jeffrey A. Parker; C-Suite Team Members Chief Administrative Officer Luz Borrero, Chief of System Safety, Security & Emergency Management/Police Wanda Dunham; Chief of Bus Operations Collie Greenwood, Chief Financial Officer Kevin Hurley (Interim), Chief Counsel Elizabeth O'Neill, Chief of Capital Programs, Expansion & Innovation Franklin Rucker and Chief of Rail Operations David Springstead; AGMs LaShanda Dawkins, Dean Mallis, Kirk Talbott, Emil Tzanov and Tom Young (Interim); Executive Director Paula Nash; Senior Director Colleen Kiernan; Directors Rhonda Allen, David Emory, Jacqueline Holland (Acting), Donna Jennings and William Taylor; Manager Stephany Fisher; Manager MARTA Board of Directors Rebbie Ellisor-Taylor; Sr. Executive Administrator Keri Lee. Others in attendance Adrian Carter, Alphonso Eugene, Abebe Girmay, Courtne Middlebrooks, and LaTonya Pope.

Also in attendance Keith Parker of Clayton County Citizen Advisory Group and David Wicket of *The AJC*.

Approval of the October 31, 2019 Business Management Committee Meeting Minutes

On motion by Dr. Edmond seconded by Ms. Abdul-Salaam, the minutes were unanimously approved by a vote of 8 to 0, with 8 members present.

Resolution Authorizing a Modification in Contractual Authorization for the Enterprise Performance Management Planning and Budget System, P39893

Mr. Talbott presented a resolution authorizing the General Manager/CEO or his delegate to increase the current contract value for Enterprise Performance Management Planning and Budgeting System, RFP P39892 with Hyperion System for a period of one (1) year. The contract would also add twenty-five (25) license to operate the software.

This procurement is being funded with FY20 Local Capital and Local Operating Funds in the amount of \$195,588.

The Oracle Hyperion Enterprise Financial Planning Suite include core financial budgeting and planning functionally as well as purpose strategic planning, workforce planning, capital expense planning, project financial planning ad date integration. Hyperion is also a modular, integrated suite of applications designed to streamline planning, budgeting and forecasting while improving the accuracy and reliability of plans and forecasts.

The purpose of this resolution is to procure the second-year license (Cloud subscription fees) for Hyperion Planning and Budgeting application of Enterprise Performance Management (EPM) Planning and Budgeting Cloud Service software for the Office of Management and Budget & Accounting office. The Oracle Hyperion Enterprise Financial Planning Suite provides an integrated solution for strategic, financial and operational planning processes. Leveraging the power of Oracle Essbase, our market leading OLAP server, Oracle Hyperion Planning applications provide many pre-built features, as well as common web interface, workflow and process management to help streamline the planning, budgeting and forecasting process.

Mr. Pond asked would the contract cover long-term maintenance fees.

Mr. Talbott said no, the contract is for implementing services and the license to use during the implementation phase.

Ms. Abdul-Salaam asked has the Authority used Hyperion services before.

Mr. Talbott said no, this would be the first-time that the Authority will utilize Hyperion.

On motion by Mr. Griffin seconded by Mr. Pond, the resolution was unanimously approved by a vote of 8 to 0, with 8 members present.

Resolution Authorizing the Award of a Single Source Contract for Web Titan Content Filtering Service for WI-FI on Mobility, Buses and Rail Services for Five Years, P45224

Mr. Talbott presented a resolution authorizing the Award of a Single Source Contract for WebTitan Content Filtering Service for WI-FI on Mobility, Buses and Rail Services for Five Years, P45224.

The procurement is being funded with 100% Local Operating funds for FY20 for a five (5) year base term in the amount of \$270,900.

WebTitan's cloud service offers secure content filtering for business. WebTitan's cloud service is Amazon Web Services (AWS) based with a global presence, providing a world-class infrastructure, built to the highest standards and is controlled and operated by MARTA's Network Operations and Support team Technology initially content filtering services and platinum support from Web Titan on November 19, 2016. Support has subsequently been renewed on an annual basis.

WebTitan's cloud service environment exclusively uses the intellectual property of Titan Technology Solutions US Inc. The availability, integrity and responsibility for these services lie 100% with Titan Technology Solutions US Inc. technology that is exclusive to WebTitan.

Ms. Abdul-Salaam asked does Mobility currently have WI-FI on their buses.

Mr. Talbott said yes, Mobility currently uses WebTitan as the WI-FI service provider.

On motion by Mr. Griffin seconded by Ms. Abdul-Salaam, the resolution was unanimously approved by a vote of 8 to 0, with 8 members present.

Resolution Authorizing Renewal of MARTA's Excess Operating Property and Liability Insurance Coverage

Mrs. Jennings presented a resolution authorizing the General Manager/CEO or his designee to effect placement of MARTA's excess operating property and liability insurance coverage for a one-year period from January 1, 2020 to January 1, 2021 based on the proposals received by MARTA's insurance broker of record, MARSH for a total program cost not to exceed \$ 8,151,533.

The purpose of the resolution is to renew the Authority's excess operating property and liability insurance coverage for calendar year 2020.

The Authority currently has in place policies for excess liability coverage with limits of \$145M excess of a \$5M per occurrence self-insured retention.

The increased cost of the excess liability insurance program is due to a variety of factors that continue to have an adverse effect on the insurance markets. Contributing factors include recent excessive jury verdicts; limited global insurance availability for large vehicle fleets which is a direct result of poor claims experience in the automobile liability space over the last eight years and changes in the posture of the reinsurance companies.

The proposed renewal program replaces the expiring excess liability insurance policies at a not to exceed cost of \$6,740,000.

The Authority currently has in place policies for excess property coverage with limits of \$250M dollars excess of a \$5M self-insured retention.

The worldwide property insurance markets are still in flux due to the continued effects of the catastrophic storm and fire losses sustained in 2017 and 2018. Because of these catastrophic events, insurers are under pressure to increase premiums to cover the losses.

Mr. Griffin asked who is the Authority's current liability provider.

Mrs. Jennings said the Authority has a quoted-shared program which includes approximately fifteen (15) carriers.

Mr. Frierson asked if the carriers are specific to the transit industry or do they cover mixed portfolios.

Mrs. Jennings said depending upon the market, the majority of liability carriers cover mixed portfolios.

Mr. Floyd asked if the contract was an allocation of the Authority's current budget.

Mrs. Jennings said yes, the contract is included in the FY20 budget.

On motion by Mr. Griffin seconded by Ms. Abdul-Salaam, the resolution was unanimously approved by a vote of 8 to 0, with 8 members present.

Briefing – FY 2020 September Financials and Key Performance Indicators

Mr. Hurley presented a briefing detailing the FY 2020 September financials and key performance indicators.

Year-to-Date Operations Performance

Net Revenues – Exceeded budget by \$3M
Net Expenses – Exceeded budget by \$1.7M
Net Surplus - \$3.5M

Year-to-Date Operating Revenues and Expenses (September 30, 2019)

- Revenues
 - Sales Tax: \$64.3M
 - Title Ad Valorem Tax: \$7.5M
 - Passenger Revenue: \$33.4M
 - Other Revenue: \$3.5M

- Expenses
 - Overtime: \$11.2M
 - Other Non-Labor: \$11.1M
 - Less: Capital Charges: (\$14.4M)

Current Month Operations, Performance (September 30, 2019)

Net Revenues – Exceeded budget by \$1.5M
Net Expenses – Exceeded budget by \$1.5M
Net Surplus - \$1.4M

Current Month Operating Revenues and Expenses

- Revenues
 - Sales Tax: \$21.4M
 - Title Ad Valorem Tax: \$2.8M
 - Passenger Revenue: \$11.0M
 - Other Revenue: \$1.2M

- Expenses
 - Overtime: \$3.4M
 - Benefits: \$17.9M
 - Less: Capital Charges: (\$5.4M)

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Sales Tax Required to Fund Operating Expenses (September 30, 2019)

- Used 45% of sales tax to support operations during the first quarter

Sales Tax Required to Fund Operating Expenses

- \$243M of anticipated \$257M in operating sales tax to support operations

Ms. Abdul-Salaam asked what does the under-use of sales tax receipts reference.

Mr. Hurley said under-use of sales tax receipts indicates that if the Authority were to use the 50/50 rule to support Operating & Capital, it would fall under the 50% mark.

Key Performance Indicators (KPI's)

- Net Operating Revenue and Expenses
 - Exceeded expenditures
- Cumulative Net Operating Revenue and Expenses
 - Exceeded expenditures
- Sales and Ad Valorem Tax Revenue
 - Exceeded budget
- Cumulative Net Operating Expenses
 - Slightly higher than budget during last fiscal year
- Gross Labor Expenses
 - Lower than budget (first two (2) months of fiscal year)
 - Slightly higher than budget by 400,000 (September 2019)

Mrs. Hardage asked does Gross Labor Expenses include overtime.

Mr. Hurley said yes, Gross Labor Expenses includes a combination of overtime, incremental pay increases, salaries, wages and benefits.

Ms. Abdul-Salaam asked how does reducing overtime affect the Authority's service delivery.

Mr. Greenwood said reducing overtime, the Authority has noticed a significant decrease in Do Not Run's (DNR) and lost service miles, which has increased service.

Mrs. Hardage asked for an update regarding overtime in the Police Department.

Chief Dunham said the Police Department is currently taking steps to control overtime within the department. There has not been any significant impacts yet, but it is important to manage the little that we do have. This year the Police Department will not open the Emergency Operations Center (EOC), due the cancellation of the Peach Drop. This is one of many events that will alleviate overtime.

Mr. Parker said the biggest drivers of overtime are the Police and Rail Maintenance Departments. Mrs. Borrero and Mr. Hurley are seeking to create a procedure that would focus on overtime authorization. Decreasing overtime has been a significant effort throughout all sections of the Authority.

Ms. Abdul-Salaam said hearing feedback from employees who rely on overtime for additional income are finding it challenging to make a living with the decrease of overtime.

Mr. Frierson said when discussing overtime, there is the option to move variable cost to fixed cost. This would consist of transferring hourly employees to salary employees. Overtime has always been unpredictable and challenging to budget. He asked what is the predictable cost for hourly and salary employees.

Mr. Parker said yes, The Fair Labor Standard Act is responsible for the decision regarding if an employee is eligible to be exempt or non-exempt.

Other Matters

- a. FY 2020 September Performance Indicators (Informational only)

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Adjournment

The meeting of the Operations & Safety Committee adjourned at 12:09 p.m.