

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

April 18, 2011

The Board of Directors Operations Committee met on April 18, 2011 at 10:05 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.
Jim Durrett
Noni Ellison-Southall
Barbara Babbit Kaufman
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, Paula Nash (Acting) and Gary Pritchett; Sr. Directors Rhonda Briggins, Johnny Dunning, Jr., Kevin Hurley and David Springstead; Directors Rich Boullain (Acting), Anton Bryant, Sharon Crenchaw, Lisa DeGrace, Lowell "Rip" Detamore, Reginald Diamond, Inez Evans, Garry Free, Scott Haggard, Charlotte Harris, Lyle Harris, Jennifer Jinadu-Wright and Connie Krisak; Managers Donna DeJesus, Cara Hodgson and Roosevelt Stripling; Executive Manager to the Board Rebbie Ellisor-Taylor; Sr. Executive Administrator Tyra J. Wiltz; Office Administrator II Tracie Roberson. Others in attendance, Leeshu Kennedy, Anthony Pines, Srinath Remala and Dansby Wade.

Also in attendance Charles Pursley, Jr. of Pursley, Lowery and Meeks; Pam Alexander LTK; Frank Buckman and Matt Pollack of MATC; Mark Tibbits of McDean.

Approval of March 21, 2011 Operations Committee Meeting Minutes

On motion by Mr. Buckley seconded by Mrs. Kaufman, the minutes were unanimously approved by a vote of 5 to 0, with 5 members present.

Resolution Authorizing Award of a Contract for Stonecrest Park & Ride Lot, Phase I, Contract Proposal Number B21086

Mr. Boullain presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to enter into a contract with Precision 2000, Inc. for Stonecrest Park & Ride Lot, Phase I.

The proposed contract is to construct the intersection at Mall Parkway and Stonecrest Promenade, constructing to the rear property line of Zaxby's located on Stonecrest Promenade, demolition of the existing structures on the property and the installation of security fencing around the perimeter of the property. The construction to the rear property line of Zaxby's will allow the Authority to meet contractual commitments with the owners of the Zaxby's property. Stonecrest Park & Ride Lot, Phase II for the construction of the Park & Ride Lot has been deferred until a later date.

On motion by Mr. Buckley seconded by Mrs. Kaufman, the resolution was approved by a vote of 4 to 0, with 5 members present.

Mr. Daniels abstained stating that Precision 2000, Inc. is a client.

Resolution Authorizing the Award of a Contract for Cummins CM556 Engine Exchange Program, Contract Proposal Number B22006

Mr. Bryant presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to enter into a contract with Cummins Power South, LLC for Cummins CM556 Engine Exchange Program.

This proposed contract is part of the mid-life overhaul of 30 Orion 2004 buses with replacement of Cummins C Gas Plus CM556 engines.

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

Resolution Authorizing the Award of a Sole Source Contract for the Procurement of Mini-Hybrid Bus Kits, Request for Proposal Number P22218

Mr. Bryant presented this resolution for Board of Directors approval authorizing the General Manager/CEO or her delegate to enter into a sole source contract with Engineered Machine Products, Inc. (EMP) for the procurement of mini-hybrid bus kits.

The proposed contract is for 183 mini-hybrid bus kits. The mini-hybrid bus kit, also called a thermal kit, is an electrically driven cooling system to replace the existing hydraulic driven system. In November 2008, MARTA's Bus Maintenance installed its first kit and has successfully converted approximately 166 buses to date, under the previous contract. The effort to retrofit MARTA buses with these kits is an important component of MARTA's drive to sustainability and to implement new, more efficient technology – where practical.

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

Resolution Authorizing Award of a Contract for Removal and Disposal of Industrial Wastewater and Sludge from Various MARTA Facilities, Contract Proposal Number B22175

Mr. Free presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or her delegate to enter into a contract with Evergreen Waste, LLC, the current provider, for the removal and disposal of industrial wastewater and sludge from various MARTA facilities.

The purpose of this contract is to obtain pumping services for the removal and disposal of industrial waste/gray water and sludge from various maintenance facilities located Authority-wide. This includes the pumping of industrial sludge and gray water to allow the continued use of drains and oil water separators. The Authority requires all potential disposal/reclamation facilities that manage MARTA generated waste be evaluated; therefore, the disposal of the industrial sludge and gray water shall be in a manner approved by the Authority and in compliance with all Federal, State and Local laws.

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

Resolution Authorizing the Solicitation of Proposals for the Procurement of Doraville Structural Rehabilitation, Request for Proposal Number P22526

Mr. Free presented this resolution for Board of Directors' approval authorizing initiation of a Request for Proposal (RFP) process to procure design-build services for the structural rehabilitation of concrete roof beams and girders within the station concourse and concrete beams and columns within the parking deck at Doraville Station.

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

DEO Report - Resolution Authorizing Award of a Contract for Stonecrest Park & Ride Lot, Phase I, Contract Proposal Number B21086

Mr. Diamond presented a DEO Report on the Resolution Authorizing Award of a Contract for Stonecrest Park & Ride Lot, Phase I, Contract Proposal Number B21086.

DEO Report - Resolution Authorizing the Award of a Contract for Cummins CM556 Engine Exchange Program, Contract Proposal Number B22006

Mr. Diamond presented a DEO Report on the Resolution Authorizing the Award of a Contract for Cummins CM556 Engine Exchange Program, Contract Proposal Number B22006.

DEO Report - Resolution Authorizing the Award of a Sole Source Contract for the Procurement of Mini-Hybrid Bus Kits, Request for Proposal Number P22218

Mr. Diamond presented a DEO Report on the Resolution Authorizing the Award of a Sole Source Contract for the Procurement of Mini-Hybrid Bus Kits, Request for Proposal Number P22218.

DEO Report - Resolution Authorizing Award of a Contract for Removal and Disposal of Industrial Wastewater and Sludge from Various MARTA Facilities, Contract Proposal Number B22175

Mr. Diamond presented a DEO Report on the Resolution Authorizing Award of a Contract for Removal and Disposal of Industrial Wastewater and Sludge from

Various MARTA Facilities, Contract Proposal Number B22175.

Briefing – Noise, Vibration and Acoustical Consulting Services

Mr. Springstead briefed the Operations Committee on an upcoming, qualifications-based selection process that will choose a consultant to provide Noise, Vibration and Acoustical Consultant Services.

MARTA's current contract with Wilson, Ihrig & Associates for Noise, Vibration and Acoustical Consultant Services will expire on June 30, 2011. The Authority as an ongoing need for these consulting services to support the following:

1. Planning, design and construction of Capital Projects
2. Evaluation and analysis of citizens complaints and development of mitigation measures to reduce the noise and vibration associated with transit operations and maintenance activities
3. Acoustical analysis of existing facilities and public address systems
4. Evaluation and analysis of issues related to track vibration isolation, rail vehicle interior noise and acoustics
5. Other services as needed

Since MARTA does not possess in-house staff with specialized expertise in noise, vibration and acoustics, continued utilization of a consultant is required.

Selection Process

1. Solicitation
2. Short Listing
3. Interview and Selection
4. Negotiation and Approval of Contract

MARTA Selection Committee Members

1. David Springstead, Sr. Director of Engineering & Development, Chairman
2. Garry Free, Director of Facilities & Maintenance of Way
3. Philippe Thomas, Chief Engineer – Civil, Structural & Inspection
4. Victor Hernandez, Manager of Rail Systems Engineering

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5. Alan Roberts, Manager of Engineering Services
6. Lev Mebel, Manager of Electrical/Mechanical Engineering
7. Non-Voting Members:
 - i. Miriam Lancaster, Chief Corporate Law
 - ii. Reginald Diamond, Executive Director DEO
 - iii. Lisa DeGrace Director of Contracts & Procurement and Material

MARTA's standard Selection Criteria for A/E Services will be used for this assignment. Once, the Expressions of Interest and Statements of Qualifications are received and reviewed by the Selection Committee, MARTA staff will return to the Operations Committee to request permission to negotiate with the most qualified firm. Following completion of the selection process and subsequent contract negotiations, a request for approval to award an anticipated five-year contract to the selected firm will be presented to the Operations Committee.

Services provided by the Noise, Vibration and Acoustical Consultant are typically funded by Capital Projects. When requested, services are also funded within the Operating Budget.

The forecasted value of the consultant's services is approximately \$100,000 per fiscal year.

Mr. Daniels asked have the current consultants (Wilson, Ihrig & Associates) met MARTA Management's expectations.

Mr. Springstead answered yes.

Mr. Daniels asked if they will bid again.

Mr. Springstead responded they are likely to bid again on the contract; they have done a lot of work with MARTA.

Briefing – FY 2012 Capital Improvement Plan and Capital Budget

Mr. Ferrell briefed the Operations Committee on the FY 2012 Capital Improvement Plan and Capital Budget.

Background

- Per the MARTA Act of 1965, staff is required to prepare a ten-year CIP that includes an annual Capital Budget for review and approval by the MARTA Board of Directors
- Current FY 2011 Capital Budget is \$188M, excluding debt service

FY12-FY14 Increases

- Ten-year CIP approved in FY11 had approximately \$1.525B programmed
- Proposed ten-year CIP in FY12 has approximately \$1.692B programmed
- The FY11-14 period increase from FY11 projects by \$114M
 - Results from critical projects being moved forward in the program
- Increased sales tax projections support the program increase

FY12-FY14 Increases by Priority

- Safety Critical - \$72.2M
- Regulatory Requirements - \$37.9M
- State of Good Repair - \$68.8M
- Service Expansion - \$6.1M
- Service Enhancements – decrease of \$11.0M

Capital Program Priorities

1. Maintain Safety Critical assets in a State of Good Repair
2. Comply with Regulatory Requirements
3. Maintain non-safety assets in a State of Good Repair
4. Expand the transit system to increase revenues
5. Provide Service Enhancements to increase ridership and deliver more efficient service

Capital Program Assumptions

1. Complete projects with contract commitments
2. Close-Out completed projects as planned

3. Complete Safety Critical and Regulatory projects as planned
4. Implement projects with grant funds as planned
5. Projects to maintain a State of Good Repair are subject to varying levels of deferral
6. Projects to improve operating efficiency, increase ridership, expand service or increase operating capacity are subject to greater levels of review, e.g., ROI (Return on Investment), Operating Budget impact

Sales Tax to Support Proposed FY12 CIP

- Adopted FY CIP was developed utilizing sales tax forecast dated July 2009
- A new, more favorable forecast was issued in April 2010 and utilized for FY12 CIP development
- A further forecast was received in February 2011 with the increase in revenues over the April 2010 forecast directed towards Operations

FY2012 – FY2021 Highlights

- Bus and Mobility
 - Procure fixed route buses in FY13
 - Procure paratransit vehicles in FY13
 - Install the Laredo Bus Facility Solar Canopies
 - Hamilton Bus Facility
 - Brady Bus Facility
- Rail
 - Continue the LCARE Program for CQ312 and CQ311
 - Continue Escalator Rehab Program
 - Build the Buckhead North Entrance
 - Continue Structural Rehab Projects
 - Track Slab Rehab
 - Replace Running Rail and Switch Ties
- Train Control System
 - Wayside/Field Equipment
 - Car-borne Equipment
 - Rail Services Control System Upgrade
 - Integrated Operations Center

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- **Electrical Systems**
 - Replace Uninterruptible Power Systems
 - Replace Fan Motor Control Centers
 - Replace Auxiliary Power Switchgear
 - Replace Tunnel Lighting
- **Communication Systems**
 - Replace the Fire Protection System
 - Upgrade the Voice Communications Systems
 - Replace the Public Address System
 - AVIS Passenger Information System
- **Technology**
 - Complete the ERP/EAM System
 - Upgrade and Replace Aging Equipment
- **Automatic Fare Collection**
 - Upgrade and Refurbish Breeze Computer Hardware and Software
 - Develop Detail Scope and Plans for Variable Based Fare Collection
 - Implement a Parking Fee Collection System at Select Sites
 - Improve Breeze Card Loading on Buses
 - Upgrade Breeze for Purchase Card Industry Compliance
- **Corridor Studies**
 - Continue the I-20 East Corridor AA/DEIS Study
 - Continue the Beltline Tier 1 Environmental Study
 - Continue the Clifton Corridor AA
 - Participate in Regional Service Planning and Coordination
- **Rail Station Concessions**
 - Continue Retail Concessions
 - Explore Additional Opportunities
- **Environmental**
 - Continue Underground Storage Tank Remediation
 - Continue Environmental Sustainability Program
 - Implement FTA Environmental Management System
- **Security**
 - Implement Homeland Security Upgrades

- Access Control
- Canine Team
- Provide for Interoperable Communications
- Implement CCTV System Expansion
- Encroachment Detection System
- Facility Security
- Emergency Tunnel Ventilation Fans
- Elevator Rehab

Mr. Durrett commented that Service Expansion has the smallest amount of dollars; it was his hope that regional sales tax would help in that area.

Mr. Daniels asked in relation to CCTV, where is the Authority at in working on its safety perception to the public.

Mr. Ferrell responded that monies have been placed in the proposed budget for CCTV and safety cameras. MARTA staff is looking at buses with cameras already installed.

Mr. Daniels asked when CCTV will be installed.

Mr. Ferrell answered in Fiscal Year 2013.

Dr. Scott commented that the HB 277 constrained list contains items from MARTA's CIP. MARTA is hoping for removal of the 50/50 restriction as it will open flexibility for the Authority. There are also a number of positions in this that are fully funded.

Mr. Daniels asked if funding goes away will the positions go away.

Dr. Scott answered yes.

Mr. Buckley said that he would like to push for CCTV installation in FY2012.

Dr. Scott said CCTV was originally prioritized for bus discretionary funding. When earmarks went away, MARTA put a hold on CCTV.

Briefing – FY 2012 Operating Budget Development

Mr. Basta briefed the Committee on the FY2012 Operating Budget development.

MARTA faces difficult choices in developing the FY2012-2016 Operating Budget.

- Develop a responsible multi-year financial plan (FY12-14 and FY 12-16)
- Stabilize MARTA into August 2012 Transportation Referendum (Impacts FY13)
- Position MARTA for future Regional Transit Expansion and Growth
- In FY12, focus is on (1) new revenue generation, (2) additional cost containment, (3) improved capital project delivery and (4) initiating an independent Management and Performance Audit

Revenue Assumptions

- MARTA Act restrictions permanently removed
- GSUEFC projected sales tax increase allocated at 85% to Operating Budget and 15% to reserves
- Fare change recommendations
 - Increase from \$2.00 and 34 multiple to \$2.50 and 38 multiple in FY12
 - Maintain at \$2.50 and 38 multiple in FY13
 - Increase to \$2.75 and 40 multiple in FY14
 - No new increase in senior/disability fares in FY12
- Possible future reductions
 - Federal Formula PM Funding at 2008 Level – impacts Operating Budget at \$5M per year starting in FY12
 - MARTA Act – sunset of 50/50 restriction relied in FY13 impacts Operating Budget at \$18M per year starting in FY14

MARTA staff recommended fare change scenario (“scenario F”):

- Improves overall financial sustainability
- Helps reduce dependency on reserves for annual Operating Budget
- Improves Fare Box Recovery from 26.3% to an estimated 33.9% in FY16
- Freezes new increases for seniors and the disabled in FY12 and staggers cost increase through FY16

Fare change proposals beyond FY12 are reviewed and independently adopted and/or revised by the Board of Directors annually.

Key Expense Assumptions

- The original FY11-13 financial projection plan assumed:
 - FY12 Net Operating Base Expense Budget of \$397.5M (\$404.4M - \$14.7M + CPI)
 - Steady State service levels
 - No annual merit or wage increase
- Subsequent Net Operating Expense Budgets escalated at 2% for CPI
- The FY12 Net Operating Base Expense Budget of \$397.5M is recommended to increase to \$411.26M (+\$13.76M or 3.46%) due to:
 - Non-Discretionary Adjustments - \$7.11M
 - New Investments - \$6.65M

Next Steps

- Finalize FY12 and FY12-16 revenue projections
- Finalize FY12 and proposed multi-year expense projections
- Finalize projected multi-year reserve levels
- Gain approval to advance FY12 budget proposals to public hearing process

Mr. Daniels commented that MARTA must focus on revenue generation going into 2013. He added that MARTA staff has done an overall good job but cautioned at going below the \$150M mark in reserves – MARTA needs a goal to get down to a single digit deficit sooner.

Mrs. Kaufman said she has a problem with staff's recommended fare change scenario. She added that an earlier scenario ("scenario D") was preferable because the increase was more gradual and it would bring in more revenue and asked if staff could let the public know that the increases will be implemented over a two year span.

Dr. Scott responded that staff felt implementing the increases gradually would have a negative impact as a result of the 2012 elections; specifically the sales tax increase that will be up for vote.

Mr. Orkin commented that he does not support an increase. MARTA should look at cutting cost; he does not want to look at raising fares first.

Mr. Daniels said unfortunately the Board does not have time for an exhaustive look into expenses. He added that this should be a part of communications concerning budgets going forward – MARTA should not be still discussing the same points next year.

Dr. Scott commented that what has not been a part of MARTA's messaging is that over \$100M has been taken out of the budget. No other governmental agency has made cuts like these – at the same time, MARTA is stopping.

Mr. Durrett added that the Board should keep in mind that this is only an update on the development of the budget. Board Members can think about the recommendations made and talk to staff one-on-one, if necessary.

Operations Key Performance Indicators (KPIs)

Mr. Durrett referenced Tab 14 of the Committee Books – Operations Key Performance Indicators (KPIs) – asking that Board Members review the KPIs at their leisure and direct any questions or concerns to staff.

Other Matters

Mr. Durrett referenced Tab 15 of the Committee Books – Operations Committee Look-a-Head – asking that Board Members review the items at their leisure and direct any questions or concerns to staff.

AGM of Bus Operations, Mary Ann Jackson introduced MARTA's new Director of Bus Transportation, Inez Evans to the Operations Committee.

Adjournment

The meeting of the Operations Committee adjourned at 12:02 p.m.

Respectfully submitted,



Kellee N. Mobley
Sr. Executive Administrator to the Board