

MINUTES OF BOARD MEETING
MEMPHIS AREA TRANSIT AUTHORITY
August 7, 2013

A regular meeting of the MATA Board of Commissioners was held at 3:30 p.m. on Wednesday August 7, 2013 at Central Station Board Room, 545 South Main Street.

BOARD PRESENT: Chairman, Sean Healy; Vice Chairman, Marion McClendon
Commissioners: Karl Birkholz; Charles Pickard; Andre Gibson; John Vergos;
Mattie Carter (via phone)

STAFF: Lawson Albritton; Frances Boyland; Alison Burton; Darryl Covington;
Lavelle Fitch; Don Forsee; Tom Fox; William Hudson; John Lancaster;
Glen Lockhart; Shelia Maclin; Maury Miles; Gilbert Noble; Marcus North;
Niketa Reed; Glenda Wade

MATA Drivers: Eric Halle; Jarvis Patton; Tonya Shelton, Joyce Smith,

OTHERS: Melissa Allen, citizen; Betty Anderson, Travel Trainer; Teresa Anderson, citizen; Adebowale Ashimi, Citizen rider; Marion Bacon; Allison Bell, S. Bell; Andrea Bennett, Denise Berttenu, MPD So. Precinct; Kenneth Bonds, Citizens; Doris Bradshaw, DDMTCCC; Juanita Brook, MBRU; Scott Bonko, Consultant; Jake Brown; Harriet Buckley, MBRU; John Bullock, Citizen; Melvin Burdette; Michael Burrows; Jacqueline Cash, rider; Christina Clift, Nat'l Federation of the Blind; Dorothy Conner, rider; Mikela David, citizen; Cynthia Crawford, citizen; Amy Doss, Memphis MPO; Bill Druss, The Daily News; Carolyn Edmon, USA Vet; Leonard Ewing, MBRU; Maria Fuhrmann, City of Memphis; David Fullerton, Car-tree Memphis; Lyndia Harris, City of Memphis; Nancy Hasselfine, MBRU; Stanley Holland, Holland Services; Sammie Hunter, MBRU; Darrence Jerry, Sharon Jerry; Harry Johnson; Dorothy Jones, Bus/trolley rider; Jewel Jones, Stevie Johnson, MBRU; Judith Johnson; Aury Kangelos, TDOT; Georgia King, Bus riders; Ella Lewis, MBRU; Mattie Lewis, Retiree; Bob Lundy, Downtown Neighborhood Assn.; Raquel Martinez, MBRU; David Mason, Mike Matthews, Local 24; MBRU; Chris Mitchell, Fox 13; Carolyn Morris, MBRU; Savannah Morris; MCIL; Johnnie Mosley, Citizens for Better Services; Sam Owens, Susan Price, MBRU; Longview Height; David Ramus, MBRU; Josephine Robertson, Rider; Talmady Robertson, rider; Betty Robinson, MBRU; John Paul Schaffer, MPO; Bernice Scott, Retired/MBRU; Pearlie Stafford, citizen; Cartys Stansbury, U.S. Army; Linda Street, Walker Homes West Junction; Melvin Sugars, Kristin Tallent, Fox 13; Frankie Thornton, Hand Care; Dorothy Todd, NAACP; Diane Townsend, MBRU; Alex Turley, CBRE; Brad Watkins, MBRU; Benjamin Ward, Lacy Wilson; Veronica Milton, citizen;

Myron Warren, FedEx; Darrell Watson, citizen; Gilda Williams, Patron; Shelia Williams, MBRU; Archie Willis, III, Community Capital; Henry Wilson, Retiree; Gregory Wren

Chairman Healy called the meeting to order and called for Board roll call. The Board Secretary, Linda Eskridge called the roll. Six Board Members were physically present, and one Board Member, M. P. Carter, was present via phone. There was a quorum for the meeting. Chairman Healy called for approval of the June 24, 2013 Board Minutes. Mr. Birkholz made a motion for approval. Mr. McClendon seconded the motion and the June Board minutes were unanimously approved.

BUSINESS & REPORTS

A. FINANCE COMMITTEE

1. Resolution Authorizing Insurance Coverage - Res. No. 13-26

Discussion: Dr. Fox presented this resolution to the MATA Board. This resolution is to approve the coverage that MATA carries from year to year on our private insurance. There are nine different types of coverages. The premiums quoted through our insurance consultants, Arthur Gallagher, are presented in the resolution. There is also an item for approval of a contract with a third party administrator for Workers Compensations claims. In general the premiums are about the same as last year. Overall we are down just a little bit less than 1/2% over the total cost from last year. **Mr. Birkholz moved that Resolution No. 13-26 be approved. Mr. McClendon seconded the motion and the resolution was unanimously approved.**

2. Resolution to Approve Operating Budget for Fiscal Year 2014 - Res. No. 13-27

Discussion: Chairman Healy stated that this resolution will be deferred because of changes to state funding that MATA received. This will allow finance more time to review the operating budget and be presented this at the next Board Meeting.

3. Resolution to Approve Major Capital Projects Budget for Fiscal Year 2014 - Res. No. 13-28

Discussion: Dr. Fox presented this resolution to the Board. There are two basic components to this resolution: major capital projects, which are the ones listed in the city's Capital Improvement Program, (CIP); and minor capital projects, which are ones that are not listed in the city's CIP but are various projects that we fund with the local match internally and with federal funds. The total of the major projects is \$18,125,000 and the minor projects total \$320,000. **Mr. Vergos moved that Resolution No. 13-28 be approved. Mr. Gibson seconded the motion and the resolution was unanimously approved.**

B. SERVICE AND DEVELOPMENT

1. Resolution to Approve Service Changes - Res. No. 13-29

Discussion: Mr. Hudson, along with others, worked very hard to deal with the shortfall incurred during this budget year. We began with a \$5.4MM shortfall, and had to make the cuts according to the dollars that we had. Mr. Hudson went back to the city administration to ask if they could review some of the changes that were recommended.

Out of this discussion with city administration is how MATA ended up with the \$606,000. MATA conducted two public hearing to give the public an opportunity to come in and voice their opinion regarding the changes and how they would be impacted by the changes. Mr. Hudson thanked the Memphis Bus Riders Union for all of their support to MATA and to the community. Mr. Hudson thanked Mr. Johnnie Mosley with Citizens for Better Services, and many more. With your support, as you see, MATA was able to get additional funding of \$460,000. MATA lost a lot of service, but was able to put a lot of key services back in with the additional monies received from the city. Today's Power Point Presentation will show changes that came about due to the many requests from the public, based on the amount of dollars we received. The changes outlined in the presentation, as well as in Resolution No. 13-29, will be presented to the MATA Board of Commissioners for approval. **(See Resolution for outlined changes)**. Mr. Hudson's presentation included a review of the Title VI Service Equity Analysis that was conducted. The Service Equity Analysis was required since the proposed service changes constituted a major service change according to MATA's Board adopted Major Service Change Policy. The results of the Service Equity Analysis confirmed that there would not be any disparate impacts to minority or low-income populations as a result of implementation of the proposed service changes. Upon completion of the presentation, citizens were allowed three minutes to speak on the subject of service changes. Approximately 40 citizens addressed the MATA Board regarding the service changes. **(There is a taped recording of all speakers)**. After all speakers had spoken, and discussion from the Board, Chairman Healy called for a motion from the MATA Board. **Vergos moved that Resolution No. 13-29 be approved. Mr. McClendon seconded the motion and the resolution was unanimously approved.**

FINANCIAL REPORT

Mr. Gil Noble

June 2013

12 months of the fiscal year

June represents the final month of FY2013. Both Revenues & Expenses were very close to budget. P&L expenses did include two large variances, one favorable and one unfavorable, which netted to roughly zero. Pension expenses were favorable for FY13 of \$3.6MM due to one-year legislative relief. However OPEB expense increased significantly based upon revised and updated actuarial valuations, and the net of those two were roughly zero.

As mentioned in the past MATA came into FY13 with a \$4 ½ MM deficit, and have been running deficits since 2009. In addition to those deficits, we encountered some significant increases in revenues not only from the city, but from federal and state funds. In FY03 we had roughly \$22MM received from the city, but we had \$21MM received from federal and state. For this new fiscal year both groups were reduced.

As stated earlier we just received a reduction in our state funds that we have not had a chance to address, which is the reason we are not prepared to vote on an operating budget today. This would be the second consecutive year that we have had overall reduced revenues, and have not had that before. To have that happen at a time when we are already running deficits since 2009, puts the organization in a difficult financial condition. This comes late in the game for us in trying to put together a budget for FY2014. Mr. Healy asked if there is some kind of appeals process that we can go back to the state with, as this is a big issue for MATA. Mr. Noble stated that it is his understanding that it is formula-base, and that it is a very complicated formula. Dr. Fox stated that staff will inquire about the formula and how they arrived at that amount. Mr. Healy would also like to know about the timeliness of the notification. Mr. Vergos stated that he would like to propose having MATA's attorneys' research declaring bankruptcy in order to give relief on pension payments. He stated that he feels 30 days would be sufficient enough for the attorneys to let us know the legal ramifications of going into Chapter Eleven. Dr. Fox stated that we are working with our attorneys to come up with various options in lieu of waiting for the IRS to make a ruling.

MARKETING REPORT

Alison Burton

July-August Marketing Report



Our primary activity during July has been communicating the proposed service changes through legal notice, news releases, on-board announcements, posters, booklets and flyers. Marketing handled the logistics and coordination of the public hearings and collected all of the comments from the public.

Our goal for the next 8-10 weeks will focus on educating customers on the service changes and how to make the changes work effectively for them. The new effective date is September 22. This will allow ample time to connect with customers. We will encourage customers to plan for extra travel time and listen for announcements.

We will have MATA personnel on-site at key locations to assist customers prior to the change, and during the transition as well.



The Southern Heritage Classic will be held on Saturday, September 14 at 6:00pm. MATA will operate shuttles to the game from Whitehaven, Halle Stadium, Germantown and downtown. The fare is \$8.00 roundtrip.

The tentative date for launch is Wednesday, August 21 at 1:00pm. Location TBD.



Memphis Music and Heritage Festival 2013 will be held Labor Day Weekend, August 31 - September 1 from 11 am to 11:00pm. MATA will help with public safety by making adjustments to the Main Street trolley line during the event. Center for Southern Folklore will promote the trolley line and encourage attendees to ride the trolley.

U-Pass program - Additional information was sent out as requested on the U-Pass program and we encourage the Board to help us promote the benefits of the U-pass program to all local colleges and universities.



On July 12, we sent out a news release on Record-breaking Year of Trolley Ridership, and we received excellent coverage. A copy of the news release is attached. As discussed during last Board meeting, on a monthly basis, MATA will regularly announce changes or accomplishments. Our next major news release will be on the installation of new bus shelters and super stops.

The news release message will point to enhanced service and comfort, and investing in our riders. The new shelters have arrived, and a majority will be installed prior to September 22.

Customer Service

NET collected \$102,977.38 which is a 16% increase from 2012. The revenue in 2012 was \$88,322.30. The big seller was the 7-day Fast pass. American Way collected \$22,103.25 for a 7 % increase, and Airways Transit Center has a 10% decrease in revenue with \$1,816.50.

GENERAL MANAGER'S REPORT

Mr. Hudson stated there is some discussion about one item regarding Central Station. Dr. Fox stated that staff wanted to update the Board on a procurement that's underway. An RFP was issued a few months ago for continued development of the Central Station Project. The original Central Station Partnership is within a year of wrapping itself up, and our manager and general partner will be exiting partnership. An RFP was issued to look for a developer to take the place of the current developer, and look at the opportunity to develop some of the vacant property on the Front Street side of about five acres. Proposals have been received and they have been ranked. Staff does have a top ranked proposer that we would like to move to the next stage. Normally staff presents a contract for award to the MATA Board; however, we are not yet to that point. We are at the point of identifying the top ranked proposer. Staff will look at coming back to the Board in early 2014 with a package for the Board to take action on. The purpose of mentioning this to the Board at this time is because it may become public sometime in the near future that MATA have identified this proposer. The top ranked proposer based on the Evaluation Committee is a jointly submitted proposal from Henry Turley Company and Community Capital. It would be our recommendation to go ahead and enter into a Memorandum of Understanding to allow them 6 to 8 months to go through the discovery and association phase, at which point we would be in a position to recommend actions to the MATA Board. No vote was required on this discussion, as this was for informational purposes only

Dr. Fox also mentioned that the Board asked staff to put together some talking points for the Board to use in meetings and various conversations, and a copy of the talking points were distributed to the MATA Board at today's meeting.

Mr. Pickard stated that even though budget is not being discussed at today's meeting, he would like staff to look at reducing Board's travel budget. He feels that the Board travel budget should be cut by \$10,000. He stated that he has seen only heard one Board member come back with a report on the conferences that were attended. He would rather spend some of that money educating the general public about transit, and partner with the MBRU in doing that.

Mr. Hudson stated that this is a part of the budget that the Board would have to approve. Mr. Healy suggested that the Board Finance committee, which Mr. Gibson is the Chairman, work with Mr. Noble on the travel budget.

Mr. Hudson inquired about the next Board Meeting and whether the Board would still look at having the next meeting in September, as was decided earlier. Mr. Birkholz stated that with all that took place at today's meeting, he feels it would give the Board a better chance to review all that was discussed regarding service changes. Look at some of the suggestions and comments that were mentioned to see if there is something that we can or cannot do it. Mr. Hudson reminded the Board that July 1, 2013 began our new budget year, and we are losing \$375,000 a month because the changes have not been implemented. If something don't happen pretty quickly, it's possible we could run out of money. Mr. Healy agreed with Mr. Birkholz suggestions about having the meeting in September. He stated that giving Board and staff until September 23, 2013 would make sense as well as allow more time to see what's going on. Mr. Healy stated because there were so many comments at the public hearing regarding service performance, that we put in more formal review of our service performance measures that we have been going over, and have a little more in-depth review at the September meeting, as well as any corrective actions. Mr. Pickard asked if it is possible to have the budget ready by August 26, 2013. Mr. Hudson stated it would be tough, but it is at the pleasure of the Board and staff would give it their best shot. *After much discussion regarding the next Board Meeting, it was voted that the meeting be held at the originally scheduled August 26, 2013.*

Mr. Pickard asked if all the pink slips that went out to the bus drivers are now rescinded. Mr. Hudson stated that we have not had a lay off at this point in time. We do not know how many employees will be laid off at this time, once the system is put together, manpower needs will be determined.

SPEAKERS:

There were no speakers on general items.

OLD/NEW BUSINESS

Chairman Healy took the opportunity to thank all of those who came out and took part in the MATA Board Meeting. He thanked the staff for all their hard work. What happened today is tough on the staff, it's tough on our employees, and it is tough on those that depend on the bus to get where they need to go. The Board understands this and we are going to work hard to make MATA better.

Chairman Healy moved for adjournment, and Mr. Gibson seconded. The MATA Board of Commissioners Meeting was adjourned.

Marion McClendon
Vice Chairman of the MATA Board

NOTE: A taped recording of the MATA Board of Commissioners Meetings is always available in the event of clarity on a particular item.