

NASHVILLE METROPOLITAN TRANSIT AUTHORITY
Board of Directors Meeting

May 14, 2020

- I. **Call to Order:** Due to the outbreak of COVID-19 and the declaration of a state of emergency by Governor Bill Lee, the Nashville Metropolitan Transit Authority (Nashville MTA) held a special, limited agenda meeting via teleconference on Thursday, May 14, 2020 to conduct essential business to protect the health, safety and welfare of Tennesseans in light of the COVID-19 outbreak. This meeting was held in accordance with Executive Order No. 16 in order to discuss the MOD First & Last Mile Pilot and the FY2020-21 Operating Budget Discussion Update

This meeting was a telephone conference meeting and did not include a physical meeting location in order to protect public health, safety, and welfare. The telephone conference did not include committee meetings, public comments, and Chair or CEO reports.

- II. **Roll Call of Persons Present:** Gail Carr Williams, Chair; Janet Miller, Vice Chair; Hannah Paramore Breen, Member; Walter Searcy, III, Member; Secretary Margaret Behm; Chief Executive Officer Stephen G. Bland, Chief Administrative Officer Rita Roberts-Turner, Chief Financial Officer Ed Oliphant, Chief Engineer Trey Walker, Director of Service Quality Dan Freudberg, Director of Marketing and Communications Jason Minser, Director of Legislation Eric Beyer and Board Liaison Monica Howse.

A quorum was established, and Chair Williams called the meeting to order at 2:35 p.m.

- III. **Approval of Minutes:** The minutes of the April 23, 2020 meeting were approved as amended by roll call vote. Furthermore, the Board approved by roll call vote the amendment of the previously approved March 26, 2020 minutes to reflect the Board's approval of the February 27, 2020 and March 26, 2020 minutes.

- IV. **MOD First & Last Mile Pilot (NICE-D-20-004):** The purpose of this discussion item is to re-introduce the concept of the Authority's emerging "mobility on demand" (MOD) model for the Board of Directors. Staff anticipates that it will bring a recommended contracting action to the Board in June with a transportation networking company in order to initiate the first MOD pilot project in Davidson County as soon as practical after COVID-19 restrictions begin to ease. From this background information and discussion at the May Board meeting, we encourage Members to identify any questions, suggestions or concerns you have leading into that contracting action.

Bridging the gap between a fixed bus route stop and a customer's origin or destination is a common challenge for transit agencies and their customers. This issue is particularly prevalent in the largely suburban, low to medium density developments that comprise much of Davidson County. Such development patterns, in combination with a widespread lack of pedestrian infrastructure, make it challenging for many to access WeGo's fixed route network.

In response to these challenges, staff have been developing the framework for a demonstration Mobility on Demand project that would utilize existing demand-responsive services such as Transportation Network Companies (TNCs) to provide on-demand trips that bridge the first or last mile between bus stops on a frequent transit route and locations within a predefined service area. The core project goals for this demonstration project are to:

- Provide a proof-of-concept for a new transportation mode, thereby increasing flexibility in service planning and design
- Provide context-sensitive service options where some level of public transportation is warranted but fixed route service is impractical or inefficient
- Expand the geographic reach of public transportation in a financially sustainable manner
- Increase ridership and efficiency on connecting fixed bus routes by expanding the potential rider market
- Provide customers with disabilities additional same-day transportation options by providing door-to-bus-stop access to the fixed route network

ALIGNMENT TO AGENCY STRATEGY:

The nMotion strategic plan identifies a series of strategies and associated improvements designed to produce a strong network of interconnected mobility services. A redesign of the bus network (Better Bus) was identified through nMotion as an early action to improve the existing bus system, including the establishment of a frequent transit network of routes operating for longer hours of the day. Recognizing that one of the most significant barriers to using transit in Nashville is the difficulty in getting to and from bus stops, one key nMotion strategy highlights the need to improve access to transit. Several areas around Nashville, especially away from the city center, exhibit conditions such as lack of pedestrian and bicycle infrastructure, disconnected street networks, and more suburban development patterns that can make it difficult for people to reach transit.

Because successful transit routes rely on direct alignments through higher-density corridors, fixed-route service may not be the best way to provide convenient and cost-effective service in lower density areas. First and last mile strategies that facilitate seamless connections to frequent fixed-route service can make transit more convenient and attract new riders. In designing strategies to address these needs, nMotion recommends establishing partnerships with private ridesharing companies such as Uber to make the joint use of services easier, and to formalize relationships in a manner that will provide for a seamless experience and a better integration of the transit network.

PROGRAM DESIGN:

Staff prioritized pilot geographic areas using factors such as population and employment density, demographics, and proximity to frequent bus service. Based on this evaluation, the Antioch area in Southeast Davidson County was selected as the most suitable area for an initial demonstration program. The primary service provider for the program would be the Transportation Network Company Uber, with additional service provided by one or more existing Access 3rd party service providers. Customers would book trips directly through the Uber app or by calling the Access service provider. The Access provider would be able to accept cash payments and provide wheelchair-accessible transportation in order to achieve our overall social equity goals.

The proposed pilot cost structure is for customers to pay a base fare of \$2.00. WeGo would then subsidize the additional trip cost up to a trip total of \$10.00, and then the customer would be responsible for any remaining costs (if applicable). With this cost structure, most trips in the proposed zone would cost the customer \$2.00 while still providing a maximum cost exposure to the agency of \$8.00 per trip. The subsidy would be automatically applied during the trip booking process, and WeGo would be post-invoiced for the agency's share of the cost. Only trips to or from designated transfer points on the #55 Murfreesboro bus route would be eligible for subsidies.

The appendix to this discussion item provides presentation slides that more graphically expand on the mobility on demand concept, and the rationale for initiating service in the Antioch area first.

ANTICIPATED ISSUES AND MITIGATIONS:

Given the novel nature of the service for WeGo, there are potential issues that must be considered and addressed within the overall program design. Some of the most important items are listed in the table on the following page along with planned mitigations:

Item	Description/Example(s)	Mitigations
Equity and Accessibility	Cash payments, wheelchair access, customers w/out smartphones, customers under 18 years old	<ul style="list-style-type: none"> -Include Access provider in the program that can accept cash, phone-based reservations, wheelchair trips, and unaccompanied minors. -Uber gift cards available for purchase using cash at various retailers
Fiscal Sustainability	Cost increases due to increasing trip volumes, provider rates, trip lengths, or wheelchair trips	<ul style="list-style-type: none"> -Limit initial span of service -Limit of two trips per day per customer -Limit trips to and from select bus stops -Minimum \$2.00 customer charge/trip -Maximum \$8.00 WeGo subsidy/trip -Wheelchair trips offset by Access trip reductions - Subsidy level/customer cost recovery lower than or equal to typical low patronage WeGo routes
Ride Sharing	Requirement for capturing Federal formula funds, but not generally a characteristic of TNC partnerships. Uber loses revenue on 'unmatched' UberPool trips. UberPool service suspended indefinitely due to COVID-19	<ul style="list-style-type: none"> -Look at partnerships using UberPool in other cities -Share risk of revenue loss with Uber for 'unmatched' UberPool trips - Federal regulations regarding ridesharing "relaxed" during COVID-19 due to social distancing concerns -Consider delaying launch until COVID-19 restrictions are lifted -Consider launching without Ride Sharing (impact is ~\$1.00/trip in lost formula funds)

NEXT STEPS:

Following today's discussion, staff will incorporate feedback from the Board into the overall program design, finalize business rule definitions, and finalize contract negotiations with Uber. Staff will also begin working on program logistics including the development of operational procedures, further engagement with Access providers, and coordination with the Metro Nashville Department of Public Works and others on suitable loading and unloading locations at transfer points.

The Board should expect an action item recommending the approval of the contract with Uber in June. Following contract execution, staff will expedite remaining coordination and

program implementation activities, including public education on the new service model, with a pilot go-live later this year as practical given COVID-19 travel restrictions.

- V. **FY2020-21 Operating Budget Discussion Update (NICE-D-20-005)**: On April 28, Mayor Cooper presented his proposed FY2020-2021 Operating Budget to Metro Council. We previously forwarded a link to his budget presentation, and a high-level summary of its contents for MTA. On May 20, 2020 at 4:15pm, we are scheduled for our budget hearing before the Budget and Finance Committee of the Council. We thought the May Board meeting, immediately before our Council hearing, would be a good time to review where we are in terms of next year's budget with the Board, and discuss strategies moving forward.

Original MTA Budget Request for FY2020-2021

We submitted our original budget request in late January, following significant discussion of priorities with the New Initiatives and Community Engagement Committee of the Board. Obviously, this was well before the COVID-19 pandemic wreaked havoc on the worldwide economy. As in past years, we submitted a "Tier 1" request for funding to hold existing service and fare levels steady, and a "Tier 2" request asking for supplemental funds to begin implementation of our "Better Bus" service improvement program. Our Tier 1 request was for an increase of \$1.5 million on our prior year appropriation of \$48.6 million, or 3%. The Tier 2 request was for an additional \$2.2 million to begin implementation of Better Bus initiatives (largely service hour expansion) for part of FY2020-21. From that discussion, you may recall that MTA has not received an increase in operating support from Metro Nashville since FY2017-2018.

The Onset of COVID-19 and Its Impacts on the Operating Budget

The beginning of the Coronavirus pandemic has had a number of severe impacts on MTA for both the short and long-term. Prior to Mayor Cooper's "Safer at Home" Executive Order, we had worked with our Union and the Metro Nashville Department of Health to enhance cleaning and disinfecting practices, and to undertake operational changes to enhance the health and safety of our employees and customers. Some of these efforts included major increases in the frequency and intensity of cleaning and disinfecting activities on our revenue vehicles, in our operating facilities and at WeGo Central, adjusting Operator runs to provide for 4-day work weeks to reduce employee exposure, providing the opportunity for paid sick leave for operating employees in higher vulnerability categories (i.e.: age, pre-existing medical condition, etc.), supplemental personal protective equipment for operating employees and those with exposure to the general public, remote work arrangements for office employees, special transportation services (isolated from the general public) in cooperation with the Metro Nashville Department of Health and the Homeless Impact Division of Metro Nashville Social Services, and paid administrative leave for individuals required to be quarantined due to exposure to others who had tested positive.

At the same time, reduced travel resulting from "Safer at Home" protocols, significantly reduced ridership fare revenues due to our relaxation of cash collections on board buses to minimize contact, and downturns in other revenue resulting from lost business at the WeGo Central Parking Garage and building tenants and a downturn in advertising budget has hit our operating income hard. Prior to the pandemic, our average monthly farebox cash collections averaged over \$340,000 per month. In April, we collected \$92,000, a reduction of 73%. Ridership has declined by almost 2/3, from just over 30,000 trips per day to just over 10,000 trips per day. This level of ridership loss actually compares favorably to our peer transit agencies, some of whom (including the Regional Transportation Authority of Middle Tennessee) have experienced ridership losses exceeding 90%. This illustrates the absolutely essential nature of WeGo Public Transit services to the life of the City of Nashville. For the next fiscal year, we are projecting that ridership and fare revenue will begin to recover, but we are projecting an overall 50% decrease in passenger fares for the next fiscal year.

Simultaneously, with a massive reduction in economic activity, Metro Nashville also experienced an unprecedented decline in many of its revenue sources, sales tax receipts chief among them. As this crisis began to unfold, it was clear that Metro would have an extraordinarily difficult time simply meeting our Tier 1 request, never mind our Tier 2 request.

Federal Response: The CARES Act

Recognizing the catastrophe that was unfolding, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, and it was signed into law by President Trump on March 27, 2020. As part of this sweeping \$2 trillion piece of legislation, \$25 billion was appropriated to the Federal Transit Administration (FTA) to be distributed to public transit agencies nationwide through pre-existing formula programs. In the law, the stated purpose of the mass transit provisions of the Act was to “prevent, prepare for and respond to” the impacts of the COVID-19 pandemic. During subsequent webinars, video conferences and individual telephone communication with FTA leadership, one Federal official articulated the Federal Government’s intentions with respect to these funds quite succinctly in saying “we want transit agencies to use these funds to exit the COVID-19 crisis in essentially the same condition they entered it – neither diminished nor enriched.” CARES Act funds are, not only unprecedented in their amount – approximately 3x the average “normal” annual Federal transit appropriation, but in their flexibility. There is no match requirement, and funds can be used for any purpose within the Congressional intent of the law, including operating assistance, capital project assistance, and planning support.

Through the various formulas, the Greater Nashville Metropolitan area was awarded a total of \$75,737,828. Under this apportionment, funds are split based on historical formula among the 4 regional FTA grantees – the MTA, Regional Transportation Authority of Middle Tennessee, Franklin Transit and the TMA Group. This resulted in a subarea allocation outcome (conducted through the Metropolitan Planning Organization of Middle Tennessee) of \$55,143,705 to the MTA, \$13,786,259 to the RTA and \$6,127,078 to Franklin Transit and the TMA Group. RTA’s share appears unusually large due to the nature of Federal funding formulas, where a significant percentage of the overall funding is allocated to fixed guideway systems, like commuter rail. As such, the WeGo Star creates additional funding for the RTA.

As part of MTA’s pandemic response team, we had begun planning for how supplemental Federal support might be utilized to sustain current services for our customers well before the Act was signed. In our planning, our assumptions included:

1. Sustained operating revenue losses, through all of FY2019-20, FY2020-21, and part of FY2021-22.
2. Additional operating expenses created by the pandemic, as described above.
3. Capital project (many discussed and supported by ATU Local 1235) to enhance MTA’s ability to mitigate the impact of future pandemics and other disruptive occurrences.
4. Reduced capacity of Metro Nashville to support MTA activities until the economy rebounds.

All of these impacts are eligible for CARES Act funding. Obviously, it is impossible to forecast the extent or duration of items 1, 2 and 4. Our base assumption was that we would bear the full brunt of the operating income and expense impacts of the pandemic through the remainder of calendar year 2020, with a slow return to normal through the course of calendar year 2021, but some lingering impacts into late 2022 and FY2022-23. In terms of some of our supplemental expenses (particularly our enhanced cleaning and disinfecting practices) we anticipate a permanent increase in operating expenses.

Based on these assumptions, we developed a CARES Act Program of Projects. This Program of Projects is attached as Appendix A to this Board item. As the economic impact of the pandemic emerged, Metro Finance asked that all departments defer capital projects in the capital spending plan to the extent possible. As such, we identified 3 such projects with short-term cash flow implications for which we could replace previously approved Metro funding with CARES Act funding. These included:

1. Remaining expenditures on our next-generation fare collection system -	\$4,717,393.00
2. Replacement of Access Paratransit Vans -	\$2,220,086.00
3. North Nashville Neighborhood Transit Center -	\$1,800,000.00
Total:	<u>\$8,737,479.00</u>

As Metro undertook its internal development of the FY2020-21 Operating Budget, we conducted a teleconference with Faye DiMassimo from the Mayor’s Office and Mary Jo Wiggins from Metro Finance to discuss the potential application of CARES Act funding to the Metro budget. Following up this conversation, we forwarded a summary of the discussion with our recommendations to Mary Jo and Faye. This communication was previously forwarded to Board Members as an information item, but is attached again as Appendix B.

Mayor Cooper’s Recommended Budget

On April 28, Mayor Cooper transmitted his proposed FY2020-21 Operating Budget to the Metro Council. His presentation can be found on Metro’s Web page. With respect to MTA and RTA, he announced a reduction of \$22.3 million in total funding, amounting to about a 44% reduction in the combined appropriation to both agencies. A major cut to MTA funding was expected and, in fact, suggested to the City given the magnitude of the budget crisis and the challenges faced by other crucial city services. Thanks to the availability of CARES Act funding as described above, this funding reduction can be accommodated (and replaced with CARES Act funds) without any negative impact on our customers or employees in FY2020-21. This is an opportunity that is NOT available to many other functions of Metro government. In fact, it is the staff expectation that we will present the Board a proposed operating budget in June that holds current fare and service levels constant. Obviously, given current conditions, we will not be able to pursue Better Bus improvements at this time.

Appendix C contains the pages from Metro’s overall budget book that are relevant to MTA.

Implications for the MTA Board

The budget as proposed by Mayor Cooper presents no immediate threat to MTA services. If the City recovers substantially by the end of FY2020-21, and prior funding levels can be restored in next year’s budget; and ridership and other operating revenue also rebounds; the CARES Act will have met its goals and MTA customers and services will emerge from the pandemic crisis as they entered it – “neither diminished nor enhanced.” In fact, a “faster recovery” could exceed staff projections for operating revenue recovery. However, there will be substantial challenge in the MTA’s FY2021-22 if the rebound is slower, and local funding cannot be substantially restored in time to start the FY2021-22 year in July 2021. Of course, this would also have been a substantial risk had the recommendation of a \$16.5 million cut in MTA subsidy and a \$1 million cut in RTA subsidy been adopted. The primary difference between the two amounts is the level of cushion of CARES Act funds that will be available to cover shortfalls in FY2021-22. In the current scenario, we project this cushion to be approximately \$3 million, compared to \$7 million in the recommended scenario. Although this does not seem significant in percentage terms, the challenge will be timing. If the projected magnitude of any FY2021-22 budget deficit is such that a significant service reduction will be required, the long lead times necessary to advance these changes through the public hearing and Title VI processes could necessitate hearings before next year’s

Mayor's budget is announced. For the 2019 service cuts, the Board authorized a series of service and fare proposals to go through the public hearing process in May in order for these changes to be implemented in October. For FY2021-22, the magnitude of the cuts could be such that we cannot afford to wait until October, necessitating possible Board authorization for service reductions as early as January 2021 to be implemented in July.

Another major difference between a between any future service reductions and those enacted in 2019 is the magnitude of the negative impact of the potential cuts. In 2019, there was certainly a great deal of inconvenience and some loss of service to riders. However, most of the changes had the impact of improving the efficiency of our service, reducing service redundancy and extremely underperforming routes, and continuing to focus resources on the services used by most riders. The menu of services falling into these categories is now mostly bare. Given that Nashville already has a level of transit service well below that of its peers, any future cuts will be extremely painful, and result in a true loss to the community. Staff was asked to prepare a summary of the types of actions the Board would need to consider IF a significant deficit is projected in FY2021-22. The prepared analysis is attached as Appendix D. Obviously, we hope that none of these will need to be considered, and only the worst possible case scenario would require them all to be considered. Unfortunately, given the range of unknowns at this time with respect to the nation's recovery, none can be ruled out at this time.

CURRENT STATUS:

CFO Ed Oliphant and Chief Executive Officer Steve Bland led a discussion on the information presented above with the Board to get input and direction for planning and communication purposes as we enter the new fiscal year. Of immediate interest will be MTA's Budget Hearing before the Budget & Finance Committee of the Metro Council scheduled for May 20, 2020 at 4:15pm. In preparation for these hearings, Committee Chair Bob Mendes asked that each department complete a questionnaire to be provided to committee members. A copy of MTA's response is attached as Appendix E.

Janet Miller said that she appreciated the report as well. She stated that we're fortunate to have the CARES Act during this difficult time. She added that she, along with Board Member, Hannah Paramore Breen are always thinking about the messaging; she thinks that when we talk to budget hearing and conversations with Metro Council that we make it clear that a one-year fix is really good, but everybody needs to already be working on next year's fiscal budget. It would be very catastrophic if we did not get those funds restored, so we need to already be working on a restoration plan for the next fiscal year. We need messaging with a long view. We have a good relationship with the Mayor's office, but as a board we need to really advocate for funding being restored.

CEO Bland stated with the upheaval of COVID-19 and all of our staff working remotely that he had a reaction of dejection from the Planning Department that asked if this meant the end to the Better Bus. He told them no and that we needed to keep Better Bus on the forefront and that we would eventually come through this pandemic. He went on to say that at the very onsite of this pandemic Mayor Cooper recognized us as being essential service. Every day we have over 10,000 people that rely on transit services to get to essential services, this does not include people that are taking discretionary trips.

Chair Williams agreed with Vice Chair Janet Miller when she said that it is our responsibility to be good advocates. It's not just related to the COVID-19 pandemic, but there are people still suffering from the tragic tornado that hit Nashville. We should be advocates not only for WeGo Public Transit, but for the citizens of Nashville as well. Our services are critically essential.

VI. **Closing Remarks:** In closing, Chair Williams asked all members to review the board packet in its entirety. Included in the packet was the Marketing Plan prepared by Marketing & Communications team. She stated that if anyone had questions that they could feel free contact Director of Marketing & Communications Jason Minser after the conference call at Jason.minser@nashville.gov. Additionally, If anyone had questions regarding the other reports, they were advised to contact the appropriate staff person below:

- **Monthly Financials - Chief Financial Officer Ed Oliphant**
ed.oliphant@nashville.gov
- **Monthly Operations Report - Director of Service Quality Dan Freudberg**
dan.freudberg@nashville.gov
- **Upcoming Projects List - Chief Administrative Officer Rita Roberts-Turner**
rita.roberts-turner@nashville.gov

VII. **Adjournment:** There was no further discussion and meeting was adjourned at 3:30 p.m.

Attested:

Gail Carr Williams
Chair

Margaret L. Behm
Secretary