

NASHVILLE METROPOLITAN TRANSIT AUTHORITY
Board of Directors Meeting

June 25, 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, June 25, 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 MTA-RTA Management Contract Renewal, MTA-RTA Contract Renewal for Regional Transit Services, MTA State EasyRide Contract Renewal, MTA-RTA Contract Renewal for State EasyRide Services, FY2021 Proposed Operating Budget, Liability Insurance Renewal, MTA-RTA EasyRide Program Revenue Sharing Agreement and the Hillsboro Construction Contract Award.

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 2:32 p.m.

- III. **Approval of Minutes:** The minutes of the May 14, 2020 meeting were approved as by roll call vote.

- IV. **MTA-RTA Management Contract Renewal (M-A-20-009):** The Regional Transportation Authority of Middle Tennessee (RTA) is currently operating under a management contract with Nashville MTA in which Nashville MTA provides management services overseeing all operations of the RTA. The current contract was approved by the Nashville MTA Board in 2016 for five years with an expiration of June 30, 2021. The current annual contract value is \$827,520 that became effective July 1, 2018. Nashville MTA has proposed a 2% increase for a total annual contract of \$844,056 which has been included in the proposed FY 2021 budget. The contract terms include a provision that allows the compensation to be adjusted beginning July 1, 2017 and each year thereafter for the life of the contract by mutual agreement of both parties. The contract states that "Nashville MTA Staff will provide executive leadership and administrative support for the RTA to carry out Financial Duties and Administrative Duties as provided herein, which shall include but not be limited to, operations, maintenance and acquisition of properties, finances, facilities and equipment, and the employment of personnel, or contracting for services, and the execution and implementation of RTA powers and duties set forth in Tennessee Code Annotated §§64-8-101 et. Seq and 64-8-201, et. Seq. all of which Nashville MTA is authorized to undertake and accomplish."

The contract value has historically been adjusted 2% to 3% every two years to account for wage and inflationary increases absorbed by Nashville MTA since Nashville MTA does not charge RTA for any separate overhead expenses such as office space, utilities, materials and supplies, etc.

Staff recommended the Board approve the new amount for the contract for Nashville MTA to manage and oversee all operations of the RTA at an annual cost of \$844,056, or \$70,338 per month. The contract price shall become effective July 1, 2020 and terminate June 30, 2021.

There was no further discussion. The vote of approval was unanimous.

- V. **MTA-RTA Contract Renewal or Regional Transit Services (M-A-20-010):** A positive working relationship has been established for many years between the Regional Transportation Authority of Middle Tennessee (RTA) and the Nashville Metropolitan Transit Authority (Nashville MTA) on regional transit programs.

Each year, the RTA contracts with the Nashville MTA for regional transit services for Davidson/Rutherford County Relax & Ride services to Murfreesboro, Tennessee, as well as connecting bus services to support the commuter train service for the WeGo Star in Nashville, Tennessee. The RTA desires to renew these contracts for the period of July 1, 2020 through June 30, 2021. Since there are different funding sources for the regional bus services and the connecting bus services, two separate contracts are required.

Staff recommended the Board approve the renewal of Contract 1 for regional bus services and Contract 2 for connecting bus services supporting commuter rail. Both contracts are for a period of one year beginning July 1, 2020 through June 30, 2021 for the following base amounts:

- Contract #1 for a not-to-exceed amount of \$1,683,442 for regional bus service; and,
- Contract #2 for a not-to-exceed amount of \$311,145 for connecting buses supporting commuter rail.

There was no further discussion. The vote of approval was unanimous.

- VI. **MTA State EasyRide Contract Renewal: (M-A-20-011):** In 2006, the Nashville Metropolitan Transit Authority (Nashville MTA) and the State of Tennessee began a program for their employees in which the State would pay the work commute transportation cost for all their employees who utilize public transportation. While we have seen some decline in ridership over the past two years, the program continues to work well in helping the State with their employee parking issues and supplying WeGo Public Transit (WeGo) and the Regional Transportation Authority of Middle Tennessee (RTA) with fairly consistent ridership. The current \$1.75 million contract managed by the Tennessee Department of Transportation (TDOT) is scheduled to expire June 30, 2020.

Staff recommended the Board approve the Nashville MTA to enter into a contract with TDOT for the EasyRide program at \$2.50 per ride and \$3.70 for AccessRide with a contract amount of \$1.75 million and a contract term of July 1, 2020 through June 30, 2021.

There was no further discussion. The vote of approval was unanimous.

- VII. **MTA-RTA Contract Renewal fo EasyRide Services: (M-A-20-012):** The Regional Transportation Authority of Middle Tennessee (RTA) and the Nashville Metropolitan Transit Authority (Nashville MTA) have established a positive working relationship over the years on a regional EasyRide program involving the State of Tennessee.

For several years, the Nashville MTA along with the RTA have participated in the EasyRide program with the State of Tennessee where both agencies provide transit rides to State employees, and the State reimburses both the Nashville MTA and RTA on a cost-per-ride basis. The Nashville MTA has been the principle in this contract with the State of Tennessee and RTA's portion of the rides provided is passed through via a separate agreement with the Nashville MTA. The State has agreed to a new contract with the Nashville MTA for the EasyRide Program for July 1, 2020 through June 30, 2021 at a cost

per ride set at a weighted average of \$2.50 per ride and a total contract not to exceed \$1.75 million.

An analysis of state employee ridership for both the Nashville MTA and RTA services was performed, and it affirmed an effective rate of \$3.15 per ride should be passed through to RTA from the Nashville MTA since RTA's fares for regional bus service and train service are proportionately higher than the Nashville MTA's fares.

Staff recommended the Boards approval for Nashville MTA to enter into a contract with the RTA that calls for the Nashville MTA to reimburse RTA for EasyRide trips provided to State employees participating in the EasyRide program at a rate of \$3.15 per ride for a period of one year, beginning July 1, 2020 through June 30, 2021.

There was no further discussion. The vote of approval was unanimous.

- VIII. FY2021 Proposed Operating Budget (M-A-20-13):** This action item presenting the proposed budget for FY2021 is a follow up to the May 2020 Committee meeting in which we explained the impact that the COVID-19 and resulting CARES Act had on Mayor Cooper's recommended budget for Nashville MTA. The current budget shortfalls being experienced by Metro Nashville have the city to enact a reduction of \$21.32 million to MTA's subsidy support from Metro. This would be offset by an infusion of Federal money through the CARES Act (more detail below). Mayor Cooper's Office and Metro's Finance Department have verbally indicated that they have every intention of restoring these funds in future years as Metro's financial condition improves.

Despite the fact that ridership is not expected to return to normal for quite some time due to the ongoing impact the pandemic has had and will have on ridership and fare revenues, we are still proposing full bus and paratransit services would be in operation during FY2021 and CARES Act funding will be utilized to keep Nashville MTA's budget whole and balanced. Should we end up operating at some level of service less than normal full service, the impact would likely be that less CARES Act funding would be needed for FY2021 and could be utilized in future budget years as needed. However, if Metro Government is unable to restore MTA's subsidy funding in FY2022, we will have limited ability to react with CARES Act funding to fill the gap and will likely need to identify a combination of other funding sources or budget cuts in order to balance the FY2022 budget.

The overall proposed operating budget as compared to last year is projected to increase approximately \$4.9 million, or 5.8%, to \$90.0 million in FY 2021 from \$85.1 million in the FY 2020 budget. This increase is largely reflective of inflationary increases in expenses along with larger increases related to enhanced cleaning and disinfecting practices adopted as a result of the COVID-19 pandemic. This budget also includes new expenses related to the implementation of our new fare collection system that will be operational sometime in FY2021. Health related expenses are increasing approximately 5.7% as a result of our current health trends and actuarial analysis as well as wage step increases and a 2.75% contractual wage increase resulting from our collective bargaining agreement.

Staff recommended the Board approve and adopt the FY2021 budget as presented in the meeting.

There was no further discussion. The vote of approval was unanimous.

- IX. Liability Insurance Renewal (M-A-20-014):** Every year, our WeGo Public Transit (WeGo) insurance broker shops the insurance market for renewal of the Nashville MTA's \$3 million liability policy with a \$100,000 deductible per occurrence. Inquiries were made of eight different insurance companies as well as the incumbent for the upcoming policy year effective July 1, 2020 through June 30, 2021.

Five companies did not provide quotes due to lack of interest in our fleet make-up or does not quote on municipal fleets and two replied that they could not compete with our current

quoted prices or wanted a higher SIR and needed to handle claims in house. We did receive an indication from Carolina Casualty for liability only and the annual cost was \$1.1 million.

The only other quote received meeting our scope was from our current insurance company, *RLI Insurance* (RLI), offering coverage with a \$3 million limit and a \$100,000 deductible per occurrence. The per vehicle type annual rates for liability coverage compared to our current policy are as follows:

<u>Liability Coverage</u>	<u>Current (2019-20)</u>	<u>RLI (2020-21)</u>
Transit Bus	\$3,476	\$4,344
Transit Van	\$2,433	\$3,041
Service Vehicle	\$1,719	\$2,148

When compared to per vehicle type annual rates from other insurance providers that would give us a range, quoted rates from \$ 4,418 to as high as \$8,500 per vehicle. The comparison below of total costs incurred is based on the number of vehicles expected to be on hand July 1, 2020 by type of vehicle as quoted above:

<u>Liability Coverage</u>	<u>Current (2019-20)</u>	<u>Proposed RLI (2020-21)</u>
Premiums	\$884,220	\$957,798

This represents an increase of 8.3% compared to an 8.3% increase last year. The premium will vary slightly depending on the number of vehicles and vehicle types WeGo may have in the fleet at any given time.

Staff recommended the Board authorize the Chief Executive Officer to enter into a contract with RLI Insurance for our liability coverage for the period effective July 1, 2020 to June 30, 2021 for \$3 million in coverage with a \$100,000 deductible for a premium of approximately \$957,798.

There was no further discussion. The vote of approval was unanimous.

X. MTA-RTA EasyRide Program Revenue Sharing Agreement (M-A-20-015): In November 2019, the Board authorized staff to work with the Regional Transportation Authority of Middle Tennessee (RTA) to develop a pilot program for the EasyRide Program that would both address the findings reported in RTA’s Comptroller of the Treasury audits and to expand usage of the program by corporations in the region. The EasyRide Program is an employer-paid transit pass program to provide employee commuter benefits on Nashville MTA and RTA services in Middle Tennessee under the name WeGo Public Transit. The program has been used predominantly by the State of Tennessee, Vanderbilt University, Vanderbilt University Medical Center and Metro Nashville Public Schools with several other smaller users. The ability to promote the pilot program has been slowed by the COVID-19 pandemic but is ongoing with several models being tested on how to charge our corporate partners. The remaining piece to the EasyRide Program is how the revenues should be split between the two agencies. To remind the Committee, the following are the objectives of the program:

- All: Simplify program transportation benefits;
- All: Simplify program administration;
- All: Simplify program fee structure to better predict costs and revenues for annual budgeting;
- MTA/RTA: Protect existing program revenue;
- MTA/RTA: Grow program participation to increase overall ridership and operating revenue;

- MTA/RTA: Increase transparency between the two agencies on program revenue and ridership;
- Business Partners: Manage and reduce both direct and indirect transportation costs;
- Business Partners: Provide sustainable and competitive employee benefits.

Over the course of the past two performance audit reports conducted by the Office of the Tennessee Comptroller of the Treasury, findings on RTA were related to the lack of formal agreements between itself and employers participating in the EasyRide program. Current and potential business partners have expressed a strong preference for a consolidated pass program – one in which their employees could utilize a single pass for both Nashville MTA and RTA services. Although the original finding of the Comptroller of the Treasury recommended that RTA have individual contracts with each business partner, based upon the overwhelming preference expressed by them, we want to move forward with Committee approval to establish Nashville MTA as the master contractor under the program and create a revenue sharing agreement with a pricing structure to calculate revenue splits between the Nashville MTA and RTA that fairly compensates both agencies relative to the overall use of the program.

Staff recommended the Board enter into an EasyRide Program Revenue Sharing Agreement with RTA for the period of July 1, 2020 through June 30, 2021 based upon the formula explained above and that Nashville MTA will be the Master Contractor for the EasyRide Program and will share revenues with RTA based upon the calculated formula. Each Board will review the agreement on an annual basis to assess if any changes should be made to the Agreement going forward.

There was no further discussion. The vote of approval was unanimous.

- XI. Hillsboro Construction Contract Award (M-A-20-016):** As discussed in previous board meetings, staff has been working to advance the development of a neighborhood transit center located along Hillsboro Pike in Green Hills. The reconstruction of Hillsboro High School and resulting required relocation of the existing stop at that location presented an opportunity to advance this project. At its February 2020 meeting, the Board approved a Cooperating Agreement with Metro Nashville Public Schools (MNPS) highlighting the nature and location of the project, the responsibilities of the parties, and the benefits to the broader community. The transit center project, funded with federal and local sources, is progressing through the design process in conjunction with a major renovation of Hillsboro High School. The transit center will be located along Hillsboro Road adjacent to the high school and immediately across Hillsboro Pike from Green Hills Mall. It will replace a heavily utilized, yet undersized, stop that is scheduled to be demolished as part of the high school renovation project and intersection relocation. The transit center would serve the 7 - Hillsboro route along with potential future extensions of nearby routes, such as the 17 – 12th Avenue South.

Final designs for the transit center structure, canopies and amenities are under development and anticipated to be complete in Fall 2020. Following completion of design, a second bid package will be sent to American Constructors to complete construction of the transit center. This package will require a similar cost analysis and Board approval upon determination that their cost is fair and reasonable. Construction of the remaining transit center items (canopies, waiting areas, interiors, etc.) will be completed in the Spring and Summer of 2021 to align with renovation activities for Hillsboro High School and its scheduled opening in time for the start of the 2021-22 school year in August 2021.

Staff recommended the Board grant the Chief Executive Officer the authority to enter into a construction contract with American Constructor's for a base amount of \$374,951 which includes the base bid and the deep foundation alternative. Due to the nature of unknowns working with underground utilities, we also recommend the Board authorize a project contingency of 20%, resulting in an authorized not-to-exceed project total of \$449,941.

There was no further discussion. The vote of approval was unanimous.

XII. Closing Remarks: In closing, Chair Williams asked all members to review the board packet in its entirety and if anyone had questions regarding the reports, they were advised to contact the appropriate staff person listed 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

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

Attested:

Gail Carr Williams
Chair

Margaret L. Behm
Secretary