



MINUTES
EXECUTIVE COMMITTEE MEETING
REGIONAL TRANSPORTATION AUTHORITY
June 15, 2022

- I. **Call to Order:** The regular meeting of the Regional Transportation Authority of Middle Tennessee (RTA) Board of Directors was held at the Tennessee State Archives & Library, located at 1001 Rep. John Lewis Way N., Nashville, TN 37219 on Wednesday, June 15, 2022. A quorum of the full Board was not established so the RTA Executive meeting was called to order at 9:32 a.m. by Chair, Mayor Randall Hutto.

Executive Committee Members in Attendance:

Mayor Randall Hutto – Wilson County
Mayor Ken Moore – City of Franklin
Mayor Rick Bell – City of Lebanon
Mayor Billy Vogle – Robertson County
Mayor Anthony Holt – Sumner County
Ed Cole – Davidson County (Gov. Appt.)
Kelly Dannenfelser – Williamson County (Gov. Appt.)

Others Present:

Jim Kerr – City of Murfreesboro (Alt.)
Mayor Mike Callis – City of Portland
Diana Alarcon – Davidson County (Alt.)
Mayor Bob Rial – Dickson County
Mayor Jim Durrett – Montgomery County

II. **Approval of Minutes:**

The January Board minutes were approved by the Executive Committee at the February 16, 2022 meeting.

III. **Public Comments:**

Ms. Leibowitz's comments were as follows:

- Ms. Leibowitz said that she is the new Concierge Manager at Vanderbilt and she appreciates that she gets the chance to continue working with colleagues from WeGo Public Transit in a different manner and to continue working to advocate transit in Nashville.

IV. **Finance Committee Report:** Mayor Anthony Holt presented the following:

- a. **Monthly Financial Report Compared to Budget (R-D-22-021):** The Monthly Financial Report Compared to Budget for the month of April 2021 was included in the board packet for review purposes but was not verbally discussed at the board meeting. If any board members have questions with respect to the statements, they were asked to reach out to Chief Financial Officer Ed Oliphant for clarification and additional information. No one raised any questions during the meeting.

- b. **Fifth-Third Revolving Line of Credit (R-A-22-010):** The Finance Committee

recommended that the Board authorize the CEO to enter into the third year of a five-year revolving line of credit agreement for up to \$5.0 million with Fifth Third Bank based upon the terms explained in the written action item with a term from July 1, 2022, to June 30, 2023.

A proper motion was made by Mayor Bell and seconded by Mayor Vogle to approve the Fifth-Third Revolving Line of Credit, and the vote of approval was unanimous.

- c. **RTA-MTA Contract Renewal for State WeGo Ride Services (R-A-22-011)**: The Finance Committee recommended that the Board approve RTA entering into a contract with the Nashville MTA that calls for the Nashville MTA to reimburse RTA for WeGo Ride trips provided to State employees participating in the WeGo Ride program at a rate of \$3.15 per ride for regional bus rides and \$65 per passenger per month that utilizes vanpool services. The contract period will be for one year, beginning July 1, 2022, through June 30, 2023.

A proper motion was made by Mayor Moore and seconded by Member Cole to approve the RTA-MTA Contract Renewal for WeGo Ride Services, and the vote of approval was unanimous.

- d. **RTA-MTA WeGo Ride Program Revenue Sharing Agreement (R-A-22-012)**: The Finance Committee recommended that the Board approve the renewal of the WeGo Ride Program Revenue Sharing Agreement with Nashville MTA for the period of July 1, 2022, through June 30, 2023, based upon the formula explained in the written action item and that Nashville MTA will continue to be the Master Contractor for the WeGo Ride Program and will share revenues with RTA based upon the calculated formula. Each Board (RTA and MTA) will review the agreement on an annual basis to assess if any changes should be made to the Agreement going forward.

A proper motion was made by Mayor Bell and seconded by Mayor Moore to approve the RTA-MTA WeGo Ride Program Revenue Sharing Agreement, and the vote of approval was unanimous.

- e. **Management Fee Contract Renewal (R-A-22-013)**: The Finance Committee recommended that the Board approve the new amount for the contract for MTA to manage and oversee all operations of the RTA at an annual cost of \$860,940, or \$71,745 per month. The contract price shall become effective July 1, 2022 and terminate June 30, 2026.

Ed Cole commented how valuable this relationship was and commended the staff for a great report.

A proper motion was made by Member Cole and seconded by Mayor Vogle to approve the Management Fee Contract Renewal, and the vote of approval was unanimous.

- f. **RTA-MTA Bus and Shuttle Contract FY2023 Renewals (R-A-22-014)**: The Finance Committee requested that the Board approve the renewal of contracts with Nashville MTA consisting of Contract 1 for regional bus services and Contract 2 for connecting bus services supporting commuter rail. Both of the contracts are for a period of one year beginning July 1, 2022, through June 30, 2023, for the following base amounts:

- Contract #1 for a not-to-exceed amount of \$1,591,725 for regional bus service; and
- Contract #2 for \$330,110 for connecting buses supporting commuter rail.

A proper motion was made by Mayor Bell and seconded by Member Dannenfesler to approve the RTA-MTA Bus and Shuttle Contract FY2023 Renewals, and the vote of approval was unanimous.

- g. WeGo Star Liability Insurance Renewal (R-A-22-015):** The Finance Committee requested that the Board approve a liability insurance policy for \$29 million of train liability insurance coverage (with a \$58 million aggregate) for the policy year from July 1, 2021 through July 1, 2022 to be awarded to Aspen Specialty Insurance and Liberty Surplus Insurance Corporation for a total base annual premium of \$295,562 with the caveat that if the annual ridership exceeds the benchmark of 174,570 rides, RTA will pay additional premium at a rate of \$1.65 per ride given over the benchmark. RTA will continue to provide the supplemental insurance reserve of \$1 million, making our total liability insurance coverage \$30 million.

Mayor Ken Moore asked CFO Oliphant to provide more explanation of the \$1.65 per ride over the benchmark. CFO Oliphant said the floor is set at 179,000 rides (which was a 4,000 increase from the previous year), and if we had more than 179,000 rides we would pay \$1.65 per ride over that floor. The likelihood of that happening is low as we are projecting only 90,000.

A proper motion was made Mayor Moore and seconded by Mayor Bell to approve the WeGo Star Liability Insurance Renewal, and the vote of approval was unanimous.

- h. Commuter Train Reserve Policy (R-A-22-016):** In December 2017, the RTA Board established a written policy for a regional bus reserve that resulted from a sunset audit report finding from the Audit Division of the Comptroller of the Treasury Office for the State of Tennessee. This regional bus reserve has performed well and grown since its inception and provides added predictability and stability in RTA service planning and execution. It was established by the Board as a good business practice and to stabilize regional partners annual contributions. At the same time, accumulated operating reserves should only be used should there be an interruption in funding sources or some other unusual occurrence to allow the regional bus operations to continue while alternative funding can be identified or allow operations to wind down in an orderly fashion. It was important to establish written policies in order to ensure that the reserve is properly defined for a specific purpose and administered according to their specific use.

Management is recommending that a similar reserve be established for the commuter rail operations as a good business practice to have operating reserves in place should there be any interruption in funding to allow time to identify alternative funding should the interruption be temporary in nature or allow for commuter rail operations the ability to wind down in an orderly fashion should no alternative funding identified. The reserves will be established through the normal budget process.

Management further recommended that an initial pool of funding in the reserve be created by allocating additional Federal pandemic relief funding through the CARES Act to the FY2022 rail operating budget, allowing local support to be allocated to the corridor reserve. During Finance Committee discussion, this approach was justified based on the fact that a large percentage of CARES Act funding allocated by USDOT to the RTA was generated based on formula funding factors associated with the WeGo Star specifically.

The Finance Committee recommended that the Board officially adopt the Regional Commuter Train Operating Reserve Policy.

Mayor Anthony Holt said that he was excited about the reserve fund because the federal pandemic relief monies will eventually dry up, so having this reserve fund so that we can level the funding out for the future is worth having.

A proper motion was made by Mayor Bell and seconded by Mayor Vogle to approve the Commuter Train Reserve Policy, and the vote of approval was unanimous.

i. **FY2023 Proposed Operating Budget (R-A-22-017)**: Chief Financial Officer Ed Oliphant led a discussion on the Operating Budget Forecast with the Board:

Last month, we had some very good discussions with the RTA Executive Committee regarding the proposed budget for next year as well as a look ahead through FY2026. The attached proposed FY2023 operating budget reflects the direction of the Finance Committee to maintain all Member city/county contributions at current levels. It also assumes full availability of Congestion Mitigation and Air Quality Funds (Federal funding provided through TDOT) for the upcoming years, as residual funds from our last CMAQ grant award will be sufficient to do so. We will be up for renewal of this CMAQ program in the coming year for anticipated use starting in FY2025. Failure to gain this renewal at that time would pose enormous risk to RTA operations in ensuing years. The following significant issues and assumptions underlying the proposed budget were discussed by the Executive Committee:

1. COVID-19 and its ongoing impacts to diminish ridership.
2. Projections regarding residual Federal pandemic relief funding.
3. Levels of funding in various bus corridor reserves, and potential impacts of current trends on those reserve levels in future years.
4. Future necessity to begin allocating local funding toward an RTA capital investment plan, particularly as park-and-ride projects emerge in various counties.
5. Updates on expenditures to date and future projections of Federal funding under the CARES Act and the American Rescue Plan Act.
6. A review of current fare levels and other operating income sources such as lease income from station rentals. The Finance Committee had discussed these matters and deemed the current levels to be appropriate for the coming year as we try to rebuild ridership.

The Regional Transportation Authority of Middle Tennessee's (RTA) operating budget proposal for FY2023 has an overall increase of \$1.97 million, or 18.3%, to \$12.73 million compared to \$10.76 million in FY2022. This represents an increase of approximately \$1.9 million, or 38.0%, to \$6.9 million in the commuter train services budget as well as an increase of approximately \$73,700, or 1.3%, to \$5.8 million in the regional bus services budget. The increase in train services is primarily due to significantly higher diesel pricing and contractual increases from our third-party service providers with a 4.9% contractual increase from Transit Solutions Group, our train operator, and a proposed 3% increase in train shuttle services provided by Nashville MTA. However, the single largest contributing factor relates to the previously discussed utilization of CARES Act funding in order to apply a portion of local funding to the new Commuter Train Reserve. The regional bus service increases are due to contractual increases from both Nashville MTA and Gray Line, RTA's third-party bus operators.

One additional topic was discussed in May's Executive Committee meeting that needs to be brought to the attention of the Board. While it does not have a bearing on the approval of the FY2023 operating budget being presented here, there was some discussion about RTA's future year forecasts as it relates to the WeGo Star operation in the East Corridor and the fact that the one-time CARES Act funding will be depleted during FY2024. The forecasts through FY2026 reflect very slow ridership recovery and continued high fuel cost which result in structural deficits starting during FY2024. While there will be reserves in place to address these deficits in the short-term, serious conversations will need to take place with the East Corridor Committee and Board to discuss how the corridor will address

the inevitable structural deficits reflected in FY2025 and beyond.

The Finance Committee recommended the Board adopt the proposed FY2023 budget as presented. A proper motion was made by Mayor Moore and seconded by Mayor Vogle to approve the FY2023 Proposed Operating Budget, and the vote of approval was unanimous.

- j. **RTA FY2023 Capital Investment Plan Update (R-A-22-018)**: This action item was deferred to a future board meeting.
- k. **Disadvantaged Business Enterprise (DBE) Program Updates (R-D-22-022)**: Procurement Business Diversity Manager & DBE Liaison Officer Rachel Johnson presented an update to the Authority's Disadvantaged Business Enterprise program. During her review, Ms. Johnson provided the Board with an overview of the Federal requirement, the goal setting methodology for determining disadvantaged business participation targets, and various business diversity initiatives that were under way.

At the September 2021 Board meeting, staff presented the Triennial DBE goal and methodology for October 2021 through September 2023, which is an element of the DBE Program. As for the DBE Program itself, resubmission to the Federal Transit Administration (FTA) is not required unless there are updates to federal requirements and/or a change of DBE Liaison. Staff provided an outline of major updates to the DBE program as part of our continued commitment to regularly update the Board on our diversity initiatives. Some of the more significant milestones during the previous year included the automation of our DBE recordkeeping system, and reducing the time permitted for payment of DBEs from 30 to 15 days.

There was no further discussion at this time.

Mayor Anthony Holt thanked the RTA for allowing him to serve as the Finance Committee Chair and said that he would be retiring as the Finance Committee Chair. He concluded his remarks by saying that Chair Hutto was appointing Franklin Mayor Ken Moore to serve as the new Committee Chair in the new fiscal year and wished him well.

- V. **Operations Committee Report**: Committee Chair Mayor Rick Bell reported the following:
 - a. **Monthly Operating Statistics (R-D-22-023)**: Chair Bell asked Chief Operating Officer Andy Burke to review the RTA Monthly Dashboard Report through the month of April 2022 with the Executive Committee. Mr. Burke provided a brief overview and availed himself for questions and there were none at this time.

- VI. **CEO's Report**: CEO Bland provided the following report:

1. In prior months, we've reported on a Request for Proposals we issued to examine possible future directions for the WeGo Star in light of the limitations posed by Positive Train Control requirements and the changing commuter market. We were pleased that the RFP got widespread attention, and we received 7 proposals from some very qualified consulting teams. Our evaluation team will be sorting through the proposals over the next few weeks, and we anticipate bringing forward a contract recommendation later this year. Although this study is geared toward the Star, we do believe that many of the findings will be more broadly applicable to our commuter bus markets.
2. In similar fashion, we've repeatedly pointed to the challenges associated with identifying good locations for purpose-built park-and-ride facilities, as our site identification strategy has been more of a "word of mouth" approach. To support future property acquisitions, we also issued a request for proposals for real estate brokerage services that would be coordinated with the MTA. We anticipate bringing this contract recommendation forward to you at your August meeting.

3. We've had crews resurfacing and striping parking lots as well as performing some preventive maintenance work on shelters at Martha and Lebanon stations. Work is mostly complete at Martha and will be finishing at Lebanon in the next few weeks.
4. We are currently promoting the Star for trips to the 4th of July Fireworks. We will also be operating the Star again this year for the Big Machine Music City Grand Prix. This will be on the weekend of August 5.
5. With respect to a question posed by Mayor Hutto earlier in the meeting, CEO Bland confirmed that all veterans can ride for half the fare on all RTA services but must show some form of VA identification to receive the half rate.

CEO Bland concluded his remarks and was available for any questions from the floor and there were none at this time.

- VII. Chair's Report:** Mayor Hutto thanked the Finance Committee and Committee Chairs for all of their hard work that they did this month.

In conclusion, Mayor Hutto announced the Speedway Race is coming up in a couple of weeks and said that he would be available after the meeting for those that wanted tickets.

- VIII. Adjournment:** With no further business, Mayor Hutto called for adjournment, a proper motion was made and seconded, and the meeting was adjourned at 10:06 a.m.

Respectfully submitted:

Ed Cole, RTA Secretary &
Davidson County Governor Appointee