



REGIONAL TRANSPORTATION AUTHORITY

JUNE 16, 2021

- I. **Call to Order:** The regular meeting of the Regional Transportation Authority of Middle Tennessee (RTA) Board of Directors was held at the TN Bankers Association located at, 211 Athens Way #100, Nashville, TN 37228 on Wednesday, June 16, 2021. A quorum was established, and the meeting was called to order at 9:30 a.m. by Mayor Randall Hutto, Board Chair.

- II. **Roll Call:**
In Attendance Were:

Wilson County	Mayor Randall Hutto, Chair
City of Franklin	Mayor Ken Moore
City of Gallatin	Mayor Paige Brown
City of Hendersonville	Mayor Jamie Clary
City of Lebanon	Mayor Rick Bell
City of Mt. Juliet	Andy Barlow (Alt.)
City of Murfreesboro	Jim Kerr
City of Portland	Mayor Mike Callis
City of Westmoreland	Mayor Jerry Kirkman
City of White House	Gerald Herman
Davidson County	Faye DiMassimo (Alt.)
Dickson County	Mayor Bob Rial
Montgomery County	Mayor Jim Durrett
Robertson County	Mayor Billy Vogle
Rutherford County	Mayor Bill Ketron
Sumner County	Mayor Anthony Holt
Governor Appointees	Ed Cole, Davidson County
	Darrell James, Dickson County
	Ed Elam, Rutherford County
	Kelly Dannenfelser, Williamson County
	Ken Davis, Wilson County

- III. **Approval of Minutes:** Mayor Ken Moore made a motion to approve the January 20, 2021 minutes. The motion was seconded by Mayor Bill Ketron and unanimously approved by the board.

- IV. **Public Comments:**
 - a. Ms. Jessica Dauphin, President and CEO of Transit Alliance of Middle Tennessee said it is her passion and commitment to continue the leadership for transportation options in this region. She thanked the surrounding counties for their continued support for regional transit services. She concluded her remarks by reminding everyone of the upcoming Transit Alliance Leadership Academy Classes that will run

from September 21 through October 6, 2021. She asked everyone to please encourage people to apply for these classes.

V. **Finance:** Committee Chair Anthony Holt reported the following:

- a. **Monthly Financial Report Compared to Budget (R-D-21-006):** The Monthly Financial Report Compared to Budget Report 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 member had questions they were instructed to reach out to Chief Financial Officer Ed Oliphant for clarification and additional information.
- b. **Fifth-Third Revolving Line of Credit (R-A-21-003):** Staff requested the Board authorize the CEO to enter into the second year of a five-year revolving line of credit agreement for up to \$5.0 million with Fifth Third Bank with a term from July 1, 2021 to June 30, 2022 based upon the terms described above.

A proper motion was made and seconded to approve the Fifth-Third Revolving Line of Credit. The vote of approval was unanimous.

- c. **RTA-MTA Contract Renewal for EasyRide Services (R-A-21-004):** Staff requested the Board approve RTA entering into a contract with the Nashville MTA 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, 2021 through June 30, 2022.

A proper motion was made and seconded to approve the RTA-MTA Contract Renewal for EasyRide Services. The vote of approval was unanimous.

- d. **RTA-MTA EasyRide Program Revenue Sharing Agreement (R-A-21-005):** Staff requested the Board approve the renewal of the EasyRide Program Revenue Sharing Agreement with Nashville MTA for the period of July 1, 2021 through June 30, 2022 based upon the formula explained above and that Nashville MTA will continue to 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.

A proper motion was made and seconded to approve the RTA-MTA EasyRide Program Revenue Sharing Agreement. The vote of approval was unanimous.

- e. **RTA-MTA Management Contract Renewal (R-A-21-006):** Staff requested approval from the RTA Board to enter a new five-year contract for MTA to manage and oversee all operations of the RTA at an annual cost of \$844,056. The contract shall become effective July 1, 2021 and terminate June 30, 2026. The compensation under the contract may be adjusted beginning July 1, 2022 and each year thereafter for the life of the contract by mutual agreement of both parties. There is also a termination clause in the contract that allows either party to terminate the contract for any reason at any time with a 30-day written notice to the other party.

A proper motion was made and seconded to approve the RTA-MTA Management Contract Renewal. The vote of approval was unanimous.

- f. **RTA-MTA Regional Bus Contract FY2022 Renewal (R-A-21-007):** Staff requested 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 these contracts are for a period of one year beginning July 1, 2021 through June 30, 2022 for the following base amounts:

- Contract #1 for a not-to-exceed amount of \$1,733,980 for

regional bus service; and,

- Contract #2 for \$320,199 for connecting buses supporting commuter rail.

A proper motion was made and seconded to approve the RTA-MTA Regional Bus Contract FY2022 Renewal. The vote of approval was unanimous.

- g. **WeGo Star Liability Insurance Renewal (RA-21-008)**: We are requesting that the Board approve the 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 \$1.69 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.

A proper motion was made and seconded to approve the WeGo Star Liability Insurance Renewal. The vote of approval was unanimous.

- h. **FY2022 Proposed Operating Budget (R-A-21-009)**: Chief Financial Officer Ed Oliphant and Chief Executive Officer Steve Bland led a discussion on the FY2022 Proposed Operating Budget Forecast with the Board.

This action item presented the proposed budget for FY2022 and was a follow up from last month. We had some very good discussions with both the RTA Finance Committee and Executive Committee regarding the proposed budget for next year as well as a look ahead through FY2025. The attached proposed FY2022 budget reflects the direction of the committees to maintain all Member city/county contributions at current levels, with Nashville restoring its contribution to \$1,820,200. 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. The following are significant issues and assumptions underlying the proposed budget:

Federal Response: The CARES Act and American Rescue Plan Act

As you know, Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act which resulted in RTA receiving approximately \$13.8 million. As part of RTA's pandemic response team, we developed a plan for how this supplemental Federal support would be utilized to sustain current services for our customers. Our planning assumptions included:

1. Sustaining operating revenue losses, through FY20, FY21 and FY22.
2. Capital projects related to system resilience, specifically focused on enhanced rail services and identification of park and ride properties for regional bus services.

Obviously, it is impossible to forecast the extent or duration of item 1. 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 years 2020 and 2021, with a slow return to normal through the course of calendar year 2021, but some lingering impacts into late 2022 and FY2023.

Based on these assumptions, we developed a CARES Act Program of Projects. These include:

1.	Sustain operating expenses in light of operating revenue loss and contractual or inflationary increases in operating expenses –	\$9,786,259
2.	Continued engineering assessment of Star service upgrades –	\$2,000,000
3.	Park and ride expansion -	\$2,000,000
Total:		\$13,786,259

Based on current projections that assume full service being maintained and Metro restoring its full funding, we anticipate the \$9.8 million in CARES Act funding available for lost operating income to last through at least FY2025.

RTA also received an additional \$1 million through the American Rescue Plan. This funding is more restrictive than the CARES funding in that it must be used on operating expenses and must be obligated by FY2024 and spent by FY2029. The proposed budget assumes utilizing all \$1 million in FY22's operating budget offsetting what RTA would use in federal 5307 for capital cost of contracting.

Annual Review of Fares and Lease Rates for Riverfront Station

The present fare structure for regional bus service and the commuter rail have been in place since Nashville MTA began managing the RTA in December 2008 except for two fare increases, with the most recent of 5% across the board approved in 2016. RTA is in the process of implementing a new account-based touchless fare collection system that will be fully operational during FY2022.

We propose maintaining the current fare structure for FY2022 with the intent of reassessing the structure once the new fare collection system is in place to promote the earliest possible return of passengers. We will address the overall fare structure with particular focus on the fares for commuter rail. Of particular interest is the outlier fare at Donelson Station of \$2 that has been in place since 2006.

RTA Proposed FY2021 Budget

The Regional Transportation Authority of Middle Tennessee's (RTA) budget proposal for FY2022 has an overall increase of \$124,744, or 1.2%, to \$10.76 million compared to \$10.63 million in FY2021. This represents a decrease of approximately \$206,600, or 4.0%, to \$5.0 million in the commuter train services budget as well as a increase of approximately \$331,300, or 6.1%, to \$5.8 million in the regional bus services budget. The decrease in train services is primarily due to favorable diesel pricing through our fuel hedging program and decreased liability insurance coverage associated with the reduced train ridership which is the driver for liability insurance premiums. These decreases are partially offset by a 2.3% contractual increase from Transit Solutions Group, our train operator, and a proposed 3% increase in train shuttle services provided by Nashville MTA. The regional bus services are seeing a decrease in the hourly rate charged by Gray Line. Our contracted price for regional bus services operated by Gray Line will decrease in FY2022 as RTA will be providing an additional 3 WeGo commuter buses on top of the 10 previously provided for Gray Line to operate which reduced the cost per hour charge due to Gray Line not having to charge for capital replacement of their own buses used in RTA operations. This decrease is partially offset by proposed contractual rate increases from Nashville MTA, of approximately 3%. The remaining increase in regional bus proposal is related to increases in the regional bus reserves.

The attached proposed budget also included the following assumptions:

- CARES Act funding being used in this budget is approximately \$2.7 million;
- RESCUE Plan funding of \$1 million is being used to offset federal 5307;

- the State will continue their operating subsidy as well as support for the regional bus services;
- the Tennessee Department of Transportation (TDOT) will continue the support for the EasyRide program (payment for state employees to ride transit services); and,
- Full CMAQ funding as previously planned is being utilized for FY2022. These funds will be available regardless of a final decision by TDOT on our upcoming application for renewal of CMAQ funding for the next 3 years.

The revenues needed to cover the operating expenses will come from CARES Act funding, Rescue Plan funding, fare revenues, advertising and rental revenues, federal Congestion Mitigation Air Quality (CMAQ) grant funding, state, local, and regional subsidy support, as well as federal formula 5307 capital funding that will be converted to operating revenue through the preventive maintenance and capital cost of contracting process.

This proposed budget also assumes that up to \$5 million from the line of credit will be available for use throughout the fiscal year. This is for cash flow purposes only, with full repayment over the course of the fiscal year.

Two versions of the proposed FY2022 Budget have been included for your reference. One version is the traditional format of the regional bus and train operations while the other represents the budget by regional partner including forecasts through FY2025.

The Committee recommended that the Board adopt the FY2022 budget as presented today.

A proper motion was made and seconded to approve the FY2022 Proposed Operating Budget. The vote of approval was unanimous.

- i. **Adoption of RTA FY2022-2026 Capital Investment Plan (R-A-21-010):** The Regional Transportation Authority of Middle Tennessee's (RTA) Capital Investment Plan prioritizes needs, identifies funding sources, and sets timelines for RTA's capital projects over a five-year period. The plan outlines regulatory, state of good repair, and growth and expansion needs that guide the agency's future project development activity. Generally, projects identified in the first year of the plan are relatively firm in scope and budget while projects in out-years are likely more conceptual.

Staff presented a recommended Capital Investment Plan for the period of FY2022-2026. Overall, investments totaling \$9,480,000 are recommended in Year One of the plan (FY2022), with a total project investment recommendation of \$148,123,548 over the life of the plan. Projects identified in Year One have access to full funding.

The plan shows significant deficits in FY2024 and beyond. This is due to the fact that (1) with respect to revenue, we only show those sources that we are reasonably certain of receiving year after year (ie: formula funds, basic match, etc.), and (2) we are programming several significant enhancement projects, particularly with respect to the WeGo Star enhancements and park-and-ride expansion on the RTA bus network. In order to advance, these projects the RTA will need to secure supplemental funding sources not yet identified.

Staff recommended that the RTA Board adopts the attached FY2022-2026 Capital Investment Plan to guide future project development and funding identification.

A proper motion was made and seconded to approve the Adoption of RTA FY2022-2026 Capital Investment Plan. The vote of approval was unanimous.

- VI. **Operations Committee Report: Committee** Chair Jerry Kirkman reported on the following items:

- a. **Monthly Operating Statistics (R-D-21-007)**: Mayor Kirkman reported on the monthly operating statistics report through April 30, 2021. Director of Service Quality Dan Freudberg was present to answer any questions. There were no questions at this time.

VII. Other Business:

- VIII. CEO's Report:** Due to the length of the meeting agenda, CEO Bland did not provide a monthly update this month.

- XI. Chair's Report:** Chair Hutto thanked everyone for being present at the board meeting and called for a motion to adjourn the meeting.

- XII. Adjournment:** Proper motion was made and seconded to adjourn. The meeting was adjourned at 10:15 a.m.

Respectfully submitted:

Ed Cole, RTA Secretary &
Davidson County Governor Appointee