I. **Call to Order:** The regular meeting of the Regional Transportation Authority Board of Directors was held in the meeting room at Music City Central, 400 Charlotte Avenue, Nashville, TN on Wednesday, June 17, 2015. A quorum was established and the meeting was called to order at 10:00 a.m. by Vice-Chair Randall Hutto, Wilson County Mayor.

II. **Approval of Minutes:** Vice-Chair Hutto entertained a motion to approve the minutes of the May 20, 2015 meeting. Proper motion was made and seconded. There was no discussion and the vote of approval was unanimous.

III. **Public Comments:** Vice-Chair Hutto opened the floor for public comments and recognized the following members of the public:

**Jo Ann Graves of Gallatin, TN**
Former Senator Jo Ann Graves introduced herself as representing the Transit Alliance of Middle TN which is a 501C3 organization that is working to bring regional transportation with funding to this area. Within the last six weeks, several letters were sent to every mayor and county executive asking them to support their efforts for the Transit Alliance. Ms. Graves acknowledged her appreciation for the support of those who had responded and noted that some have made comment that they never received her letter. She asked if anyone present who has not received a letter from the Transit Alliance to please let her know.

They have been talking to many private businesses not only in the Nashville area, but in the region as well. People are very aware that we must do something about transit in this area. Ms. Graves is very encouraged as private businesses are agreeing to partner with them because they see transportation as an economic development issue. She added that if we cannot move people in and out of this area, if we do not have a work force that can get to their jobs and get home, it will negatively impact this entire region. We only have to look a few years down the road and listen to the projections that a million people are coming and know that the time is now.

**Drew Sadler of Springfield, TN**
Mr. Sadler is a Springfield resident and is here today to stress the importance of RTA for small communities like Springfield. Last night the Springfield Council met and there were several people who are active riders with RTA present to stress the importance of this transit system. There are people who rely on this as their
only way to get to Nashville. There are people who have purchased homes in Springfield and part of their reasoning was because of the RTA services to the area.

As Nashville grows, it will have a ripple effect on communities like Springfield and other regional areas adjacent to Nashville that can benefit from this service. One of the things that those present at the meeting last night stressed was the need for more advertising and marketing of this service.

Currently, Mr. Sadler added, at this location, there are only signs and most of them are in disarray. He suggested that RTA advertise on the city’s website and realtor’s websites as a couple of easy ways to increase advertising and exposure. This service makes communities more valuable and puts them head and shoulders above others. He hopes that we can continue making this a priority for the region and especially for the small communities like Springfield.

There was no one else who wished to speak before this Board and public comment was closed.

IV. Marketing Report: Committee Chair Gerald Herman, City of White House Alternate, reported there were no action items to be brought before this Board today, but at last week’s committee meeting they discussed two very important topics.

The first was a need for a park-and-ride lot for our customers riding express buses. Staff shared with the committee a list of locations and business such as shopping centers, churches, and local parks. Our customers can be kicked out of these lots with no more than a two weeks’ notice, but it is usually 30 days. This is a disruption to the customers. It has and is occurring much more frequently lately. Mr. Herman asked that members please look at their cities for viable options. He stressed that if they do not have a public area of land that they are using for park-and-ride and are depending on private entities, then begin to look at other possibilities such as vacant public land not in use, area where TVA lines are run, or somewhere where the city has ownership of the land.

The second item discussed by the committee was the Music City Star Game Day Express for the Titans’ games. We have lost money on the service for the last several years even though our train contractor has been picking up 50% of the losses. Our marketing team has implemented a very aggressive marketing campaign every year spending thousands of dollars. We discussed reaching out to potential sponsors such as the Titans, if the service were to be continued. We also discussed scaling back the marketing budget because this is an additional loss of funds for the RTA and the committee thinks these funds could be spent on promoting the weekday service more aggressively in Wilson County.

There were no questions or discussion.

V. Operations Report: Operations Supervisor Gabriel Burgess reviewed the monthly operations reports for the month of March with the following notes:

a. Monthly Operating Statistics (I-15-009): Service was up for the month of April. We lost a park-and-ride lot in Brentwood and that is why we see the significant decrease in ridership on the #91 Franklin-Brentwood Express. Overall the performance indicators show us that the ridership is up 7.3% for the
#93 Music City Star West End Shuttle, and the Music City Star Commuter Rail ridership is up 9.9% in the month-to-month comparisons. Combined ridership totals for the RTA services are up 2.5% with total ridership for the month of April at 60,920 trips. The Nashville MTA and RTA fiscal year comparison shows an overall ridership increase for the region at 1.5%.

Governor Appointee Ed Cole asked how the RTA compares when tracking with other transit authorities across the country. CEO Steve Bland responded that nationwide transit ridership for the year has been up 2 to 2.5%. Up until the last couple of months, the RTA was tracking ahead of that, but now we are just a little bit behind the number. Mr. Bland added that certainly the issues that Mr. Herman identified are ones that we need to be concerned about in terms of our rotating park-and-ride locations. Our commuters count on reliability and consistency. Identifying stable park-and-ride locations will go a long way in bringing that ridership number up.

VI. FINANCE & AUDIT REPORT: Committee Chair Sumner County Executive Anthony Holt reported that the meeting was lengthy and very productive and there are some very tough decisions to be made. He then presented the following action items to the Board:

a. RTA-MTA Contract for EasyRide Services (A-15-007): The RTA along with MTA 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 MTA and RTA on a cost per ride basis. MTA has been the principle in this contract with the State of Tennessee and passes through RTA’s portion of the rides provided through mutual agreement. The State has agreed to a new contract with MTA for the EasyRide Program for July 1, 2015 through June 30, 2016 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.

In order to properly allocate the contract revenues between MTA and RTA, an analysis was performed based upon the most recent 12 months of State employee ridership for both MTA and RTA services. The analysis determined MTA should pass through RTA’s portion of its EasyRides revenues at an effective rate of $3.15 per ride since RTA’s fares for R&R and train service are proportionately higher than MTA.

The Finance and Audit Committee recommend to the Board the approval for RTA to enter into a contract with MTA that calls for 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, 2015 through June 30, 2016. There was no discussion and the vote of approval was unanimous.

b. RTA-MTA Contract Renewal for Regional Transit Services (A-15-008): The RTA contracts with the MTA for regional transit services for Davidson/Rutherford County Relax & Ride services to Murfreesboro, TN and connecting bus services supporting the commuter train service for the Music City Star in Nashville, TN. The RTA desires to renew these contracts for the period of July 1, 2015 through June 30, 2016. Since there are different funding
sources for the regional bus services and the connecting bus services, we need to create two separate contracts.

Contract #1 - Under the first contract for the regional bus service for the Davidson/Rutherford County Routes 84, 86 and 96, the RTA will pay the MTA for up to 60.95 hours of daily service at a rate of $100.17 per hour, or an amount not to exceed $1,550,761, covering 254 days of weekday transit service contained in the contract. This represents an increase of 3.0% compared to last year resulting from an increase in the cost per hour from $97.25 per hour in the prior year to $100.17 as a result of Nashville MTA’s increase in operating costs for the routes.

Contract #2 - Under the new contract for connecting bus services for the Davidson County service, the RTA will pay the MTA for 6.23 hours of daily service at a rate of $100.17 per hour, or $158,511, covering the 254 days of weekday transit service contained in the contract. This represents a 3% increase in the contract price compared to the prior year as a result of Nashville MTA’s proposed increase in the hourly rate from $97.25 to $100.17 per hour.

A fuel escalator clause will again be included in all the new contracts to protect the MTA should their average fuel prices escalate above $2.00 per gallon. The clause stipulates that for every $0.25 increase in the monthly average per gallon cost of fuel, the hourly rate will increase $1.50 per hour for that month going forward. This will cover the MTA’s increase in operating cost due to increased fuel costs. This escalator is above and beyond the contracted amounts mentioned above. This will likely not be a factor for RTA since MTA expects to hedge approximately 72% of projected diesel fuel consumption at a contract price of around $1.73 per gallon.

The Finance and Audit Committee recommend to the Board the approval of Contract #1 for regional bus services, and Contract #2 for connecting bus services supporting commuter rail. This approval is subject to the adoption of a balanced FY16 operating budget. Both of these contracts are for a period of one year, beginning July 1, 2015 through June 30, 2016 for the following base amounts:

- Contract #1 for a not to exceed amount of $1,550,761 for regional bus service
- Contract #2 for $158,511 for connecting buses supporting commuter rail

A proper second was made. Discussion: Williamson County Mayor Rogers Anderson asked if the fuel prices listed are before taxes. CFO Ed Oliphant replied that yes, they were. There was no further discussion and the vote of approval was unanimous.

c. **Music City Star Liability Insurance Renewal (A-15-009):** For the past several months, we have been working with our insurance broker to go out into insurance market for renewal of our $30 million liability insurance coverage for commuter rail which is due to expire June 30, 2015. The RTA provides the first $1 million through our own supplemental insurance reserve account. The remaining $29 million (per occurrence and $58 million aggregate) excess policy is what we receive pricing for each year. The current policy with Liberty
International Insurance and XL Insurance companies had a total premium of $468,235.

Our broker contacted all the insurance companies in the passenger rail insurance market and we received the best pricing from our current providers Liberty International Insurance and XL Insurance companies at a flat renewal rate. Both of these companies have excellent bond ratings. The renewal from the Liberty / XL bid of $482,022 with Liberty covering the primary layer of $18 million / $36 million aggregate and XL as the second layer of $11 million / $22 million aggregate. The overall rate stayed flat with the 2.9% increase resulting from an industry wide increase in the terrorism portion of our coverage.

The Finance and Audit Committee recommend the Board renew $29 million of liability insurance coverage (with a $58 million aggregate) for the policy year from July 1, 2015 through July 1, 2016 to Liberty International and XL Insurance companies for a total premium of $482,022. RTA will continue to provide the supplemental insurance reserve of $1 million, making our total liability insurance coverage a total of $30 million. A proper second was made.

There was some discussion about the $30 million liability insurance and CFO Ed Oliphant explained that this is a state legislated $30 million tort liability specifically for the Music City Star and that is why we have this insurance in that amount. It was further discussed that if there were to be changes to this it would involve the state legislators. Williamson County Mayor Rogers Anderson asked CFO Oliphant about the Directors & Officers coverage (D&O) and CFO Oliphant stated that is in a separate policy. There was no further discussion and the vote of approval was unanimous.

d. Adoption of Budget for FY 2016 (A-15-010): The Finance and Audit Committee met Tuesday, June 9, 2015 and discussed various options to address the shortfall for the FY 2016 proposed budget. Some regional bus partners in both the Southeast Corridor and Robertson County could not commit to the total request which the board had recommended in last month’s meeting resulting in the regional bus budget having a deficit of $90,751. There are also some county and local partners for the Music City Star that were unable to commit to the board’s recommendation from last month which has resulted in the commuter train budget having a deficit of $115,805.

The committee came to the conclusion that a tentative budget should be presented to the board that would reflect a decrease in operating expenses equal to the shortage in subsidy revenue in order to balance the budgets in the corridors with a deficit. The committee also requested that the regional partners in the effected corridors receive a communication from RTA staff explaining the decrease in operating expenses and ask the regional partners to work together to either identify additional revenues or work with RTA staff to identify the services that will be reduced in order to begin the public hearing process for reduced services. The committee also felt that the 5% proposed fare increase was needed, but that it should not be any more than that for the purposes of generating additional fare revenues.
RTA’s FY 2016 proposed budget has two distinct operations consisting of commuter rail and regional rideshare services. There are two budget formats included with this action item. The first is the traditional format reflecting summarized revenue and expense categories. The second format is what the committee and board have been reviewing that presents the budget broken down by corridor expenses and revenues summarized by all our regional partners. The tentative budgets being presented are balanced and include reductions in operating expenses as explained above.

The budget for the Music City Star commuter rail operation totals approximately $5.0 million. The budget for rideshare operations totals approximately $4.4 million and consists of regional express bus service contracted through the Nashville MTA and Gray Line, vanpools, and assistance with carpooling.

The proposed regional bus budget is increasing approximately $233,000, or 6.2%, compared to the prior year. The increase is primarily due to increases in the hourly operating rates for regional bus services from our two service providers, Nashville MTA and Gray Line, as well as having a full year of the service to Dickson County in this year’s budget compared to a partial year in FY 2015.

The revenues needed to support the $4.4 million in regional bus expenses come from fare revenues (including a proposed 5% fare increase), state, regional, and local subsidies; eligible federal Congestion Mitigation and Air Quality (CMAQ) funding, and federal formula 5307 capital funding that will be converted to operating revenue. This proposed budget assumes regional and local subsidies increasing based upon the board’s recommendation from last month and what each regional partner ultimately said that they could contribute.

The proposed commuter rail budget is forecast to decrease approximately $168,000 to $5.0 million due to more favorable fuel expenses as a result of lower fuel hedging prices for FY 2016 and a reduction in operating expenses as explained above.

The revenues needed to cover the $5.0 million in commuter rail expenses will come from fare revenues (including a proposed 5% fare increase) and state, county, and local operating support as well as federal formula 5307 capital funding that will be converted to operating revenue through the preventive maintenance process.

This proposed budget also assumes that the $1.5 million line of credit will be available for use throughout the fiscal year. This is for cash flow purposes only.

The Finance and Audit Committee recommend approval and adoption of the tentative FY 2016 Budget, which includes reductions in operating expenses for both regional bus and train operations to achieve a balanced budget for the annual region bus operations totaling approximately $4.4 million, and the annual Music City Star commuter train operations totaling approximately $5.0 million.

As this budget remains subject to final appropriations actions by various local governing bodies, as well as a final decision by the Tennessee Department of Transportation (TDOT)/the Metropolitan Planning Organization (MPO) on the
allocation of CMAQ funds, the Committee also recommends that a “final” budget be presented after these two factors become known.

The Finance and Audit Committee also recommend that the Board authorize the public hearings that are required for the implementation of the proposed 5% fare increases for all services.

A proper second was made. The floor was opened for discussion and City of Lebanon Mayor Craighead was recognized.

In looking at the 5% proposed fare increase for both bus and train, Mayor Craighead asked what they could expect as an increase in revenue. CFO Ed Oliphant and Controller Shelly McElhaney responded that it would create approximately $40,000 to $42,000 worth of increase in revenue for the train and about $13,000 for the bus services. Mr. Oliphant reminded the Board that a lot of the regional bus service is tied into the EasyRide contracts. Sometimes 70 to 80% of the riders are related to the state and that contract amount is set; whereas, the train has only about 33-34% of its riders tied into the EasyRide contract.

Continuing, Mayor Craighead began conversation about converting capital dollars available to operational dollars for the train. Mr. Oliphant stated that this was discussed in the Finance and Audit Committee, but the Committee’s direction was that we want to set up a fair and equitable way for all the partners to contribute to the budget and not utilize the 5307 funds for this purpose. Continuing, he stated that the committee had instructed staff to let the corridors come together and meet as a group to determine if they would come up with more revenue or reduce service in order to make the budget balance.

Finance and Audit Committee Chair Sumner County Executive Anthony Holt stated that if we use capital money for any extended period of time we are out of business. We are much better to try to come up with enough local funding so it is sustainable. We are going to try to make reductions where needed so we can keep our system viable. At the same time, there is an incentive for partners to step up and make the appropriate commitment.

Mayor Craighead agreed. He added that we are the builders of what the future is going to be and if we stumble here, we are going to affect for years the generations ahead of us and we will also set the whole program back. He cautioned that they not be rash in making their decisions.

Committee Chair Holt stated that he understood and the focus was not to be punitive. It was to stress to our partners the real need to focus on trying to meet their obligations, and to commit in a regional way to step up and do what the others have done to try in some way to come up with the additional funding that is going to be required to make this system viable.

Governor Appointee Ed Cole stated that if they vote on this proposal which is on the table then we will have a temporary budget until such time that as we get answers back, like a continuation budget. He asked for clarification of the timing of this in realistic terms that the committee would want this board to understand asking if it would be a month or two or more.
Committee Chair Holt responded that if we pass this budget today, the task for this management team will be to reach out to the entities that have basically said they are not going to be able to meet their full commitment (some of them are meeting part of their commitments) and to stress to them the importance of meeting that full commitment. In the worst case scenario that no additional CMAQ funding comes in, and they really can’t meet that obligation, then in some way, in some form, we have got to make the appropriate expense cuts. That is the reality. We are going to do everything we possibly can to keep that from happening. That is why it is so important today that we all understand and we go into this with our eyes open and we know where we are going. Until we have an answer about the additional CMAQ funding, this is our course.

CEO Steve Bland clarified that the direction of the Finance and Audit Committee was not to eliminate the Game Day Express but to get with the effected corridors and try to figure out a solution. That solution might be additional income, whether it is a funding partner stepping up, or even a sponsor.

Committee Chair Holt stated that the committee was fine with a sponsor for the Game Day Express. We just have to come up with the appropriate funding or make the necessary adjustments.

Nashville and Davison County Mayor Karl Dean complimented the Finance and Audit Committee for doing a good job. He noted a couple of things he thought important. We need to have continuity of services and we need to promote what we are doing. Financial realities are equally important. It is not in the organization’s long term interest to take capital dollars and use them for operational expenses. That is as much of a danger to the viability of the organization as anything. We are at a point where we are dependent on federal dollars. This is a realistic approach and that is where we need to be. It is important as we build support for transit that people don’t think of transit as a drain where money is going down. If we start doing too much movement of capital dollars into operations we are going to get that reputation which will hurt us in a lot of ways.

There was no further discussion. Chair McMillan accepted a motion and second on this proposed budget. The vote of approval was unanimous.

VII. **CEO’s REPORT:** CEO Steve Bland reported on the following projects:

- As of two days ago, the 4th of July train was a complete sellout.

- The Northwest Corridor Study – a number of additional outreach sessions and public presentations have been done in the corridor. The consultant continues with the technical analysis. That planning project is progressing on schedule.

- RTA/MTA Strategic Plan – both authorities are conducting parallel strategic plans. The consultant, Nelson\Nygard, has been completing the RTA region market analysis. They have already worked something up on the Nashville/Davison County area. We will be sharing that information with
the Board in the coming months. That will be a pre-cursor to things like mode selection, service design, and those types of activities.

- Hamilton Springs Station Project – the Lebanon Planning Commission approved the design of the project and that is moving forward. We ran into a minor environmental issue with bats at that location. The people who know about such things say it is really not an issue that should force delay or add expense. The next step in that project is for the designer to work up price estimates for us to reconcile with the private developer who’s contributing funds.

- Cumberland Region Tomorrow’s Power of 10 Summit is coming up tomorrow. The focus is transit and he encouraged all to attend.

- Next week will see the arrival of our new Chief Operations Officer, India Birdsong, from Chicago. She has a lot of bus experience and a fair amount of rail experience as well. She will add value to the train question and we are anxiously looking forward to her starting.

VIII. **Chair’s Report:** Chair McMillan concluded her report with a big thank you to Mayor Holt and all the members of the Finance and Audit Committee. We all know how difficult it is when our revenues do not match the expenditures that you would like to provide in a budget and you have to do other things. The Finance and Audit Committee did a magnificent job of examining all the various alternatives for this budget and have come up with what is the only alternative that we have at this point. I appreciate all their work and all of you for being here today and voting to approve this budget and allowing Steve, Ed, Shelly, and all of the rest of the members of the staff to continue to work as we move forward. As County Executive Holt said, there are several other important factors in this and that is that all of us have to now do our work. Those of us who have money to contribute have to make sure that that is included in the budgets that are passed in our jurisdiction. We will continue to move forward with that and do what we can. Again, thank all of you for your hard work. I think the bus and train services are vitally important to the entire regionalism concept in this whole area and without them, I don’t know that we will be able to continue to move forward to expand those options.

IX. **Other Business:** There was no other business to come before the Board.

X. **Adjournment:** The meeting was adjourned at 10:55 a.m.

Respectfully,

*Paula Mansfield*
Governor’s Appointee
RTA Secretary