



2817 Canal Street
New Orleans, LA 70119

New Orleans Regional Transit Authority Finance Committee

Meeting Minutes

Thursday, March 9, 2023

11:00 AM

RTA Board Room

1. Call To Order

2. Roll Call

Commissioners Present: Commissioner Walton, Commissioner Coulon and Commissioner Neal

Commissioner Absent: Commissioner Ewell

Other Commissioner Present: Commissioner Raymond

3. Consideration of Meeting Minutes

[Finance Committee Meeting Minutes - February 9, 2023]

[23-031](#)

Commissioner Coulon moved, and Commissioner Neal seconded to approve the Finance Committee Meeting of February 9, 2023. The motion was approved unanimously.

approved

4. Committee Chairman's Report

No Report.

5. Chief Executive Officer's Report

Lona Hankins reported that staff was working with the City Council for the adoption of the LPA to move into the CIG Program and staff anticipate the adoption from the City Council later this month.

Lona Hankins reported that she was bringing back an employee as a temporary employee to help work through the work process and procedures.

Lona Hankins reported that she was going to start assessing the Legacy Contracts to make sure that the appropriate contract mechanism is in place and comply with the Board adopted policies.

Lona Hankins reported that she was taking a hard look at the RTA's organization chart to see if there are any operational efficiencies.

Lona Hankins reported that the Compensation Study would be presented to the Committee and will be implemented in this month.

6. Chief Financial Officer's Report

Gizelle Banks reported that - Ridership - Ridership in January increased by 15.5% when compared to December 2022 actuals. In January, total system ridership (bus, streetcar and paratransit) was 748K, compared to 648K for the previous month of December. The results show improved but mixed results across the spectrum.

Gizelle Banks reported that - Farebox Recovery Rates 2023 vs. 2022 - Fare revenue continues to offset a slightly modest percentage of operating expenses as ridership continues to rebound. January's farebox recovery rate increased slightly from 9.39% in the prior month to 10.25%; a total increase of 0.86%.

Gizelle Banks reported that - Ferry - Farebox Recovery Rates 2023 vs. 2022 - The increase in farebox recovery to 11.01% in January from 7.57% in December is a result of a decrease in operating expenses and slight decrease in passenger revenues from the prior month. Fare revenues continue to offset a small percentage of operating costs.

Gizelle Banks reported that - Operating Revenues (Budget, Actual & Prior Year) - RTA's two largest revenue sources are General Use Sales Tax (\$8.3M) and Fare Revenue (\$844K). The two combined make up 85.5% or \$9.2M of total revenue. Overall, total operating revenues for the month of January are \$10.7M.

Gizelle Banks reported that - Net Revenues (Before and After Government Assistance) - Net Revenue (Before Government Assistance) is \$2.3M for the month of January. After applying the month's \$1.4M in Government Operating Assistance, Net Revenue is \$3.5M for the month of January.

Gizelle Banks reported that - Operating Expenses - Operating Expenses for the month of January are roughly \$8.2M. Labor and Fringe Benefits, the largest expenditure at \$6.0M, comprised 72.7% of this month's actual expenses. In total, Operating Expenses for the month of January show a decrease of 11.6% from \$9.3M in December.

Gizelle Banks reported that - Operating Reserve - The strong positive variance that resulted from Net Revenue (After Government Assistance of approximately \$1.4M) added \$3.1M to the Restricted Operating/Capital Reserve after the offset of \$561K in Debt Service.

In response to Commissioner Coulon, Gizelle Banks reported that she was not sure if staff

would have the 5 Year Capital Plan before the end of this budget cycle. She stated that staff was trying to align the 5 Year Capital Plan with the Strategic Plan.

In response to Commissioner Coulon, Gizelle Banks reported that staff was working on removing the Capital Projects from the Operating Budget.

[January 2023 Financials]

[23-036](#)

7. DBE Report

Adonis Expose' reported that the RTA awarded a total of \$400,000 in contracts and \$200,000 was awarded to DBE Prime Contractors. The DBE participation was 50%.

Current DBE Projects:

CMAR - Canal Street Ferry Terminal (Construction) - 14%
Disaster Recovery Grants Management and Administration - 39%
Transit Ferry Services - 26%
East New Orleans Maintenance Building - 20%
Business Intelligence & Data Management Reporting System - 37%
On Call Technical Safety Support - 22%
Napoleon Facility Renovation & Upgrade - 1%
Rampart Streetcar Line: Emergency Repair Project- 0%

Current SBE Projects:

DBE Consulting Services - 75%
Construction Cost Audits - 78%
Bus Rapid Transit Feasibility Study - 59%
On Call A&E Services for Design of Interim Downtown Transit Hub - 98%
Facility Maintenance & Construction Support Services - 66%
Classification and Compensation Study - 87%
Leadership & Change Management Training - 60%
Temporary Janitorial Services 99%
Advertising Campaigns & Media Buying Services - 0%

Adonis Expose' reported that the Office of Economic Development as the RTA to participate in a SBE Program on Tuesday, March 14, 2023, at 1:30.

Adonis Expose' reported that DBE/SBE Next Workshop:

Tuesday, March 28, 2023

Topic: "Entrepreneurial Leadership and Influence"

8. Infrastructure & Planning Report

Dwight Norton reported on the following:

Construction: Permanent wharf - Complete - Terminal Building 99% complete - Towers: East Tower elevator install is complete; West Tower elevator install has started; tower access waiting for CNO permit. Substantial completion mid-March (Building, elevators, access) Dry side (Audubon) - May -Final removal clear out: June (Port of New Orleans deadline)

Napoleon Facility Rehabilitation - Additional remediation in walls required - Utilities for sewer/water connection not in as-builts

Rampart Streetcar Restoration Recovery from Hard Rock Hotel Collapse - Staging and prep underway - Target construction completion date early May 2023, Revenue service begins: June 4, 2023.

Procurement:

2022 Non-Advertising Shelter - Anticipated construction NTP: April 2023 - Anticipated Substantial Completion: September 2023

Design:

Algiers Ferry Terminal Revitalization - Rehabilitate and modernize the 40-year-old Algiers Ferry Terminal for modern vessels and access, and Marine administrative offices, develop concessions/public space.

Planning:

Bus Rapid Transit (BRT) Feasibility Study - Council approval of LPA anticipated April 2023 - Complete Feasibility Study - April 2023 - Submit Application to CIG - April/May 2023- RFQ for Design/Environmental - April 2023 - NTP Design/Environmental - June 2023

Transit Hub Design and Build (RAISE FY21) - Developing RTP (using on-call A&E) for design program and environmental

Funding Request:

RAISE FY23 - RTA will be lead applicant with CNO - Downtown Transit Center plus multi-modal corridor - Lo/No FY23 - Facility/Fleet Transition Plan 2026 fixed-route vehicles - Capital Investment Grant (CIG) - BRT Design/Construction

In response to Commissioner Walton, Dwight Norton reported that revenue service should begin by June 4, 2023.

In response to Commissioner Coulon, Dwight Norton reported that the total Project Cost was \$1.02M and the RTA has to come up 50% Local Match.

In response to Commissioner Walton, Dwight Norton reported that the Lo/No Grant was asking for approval of a total of 20 vehicles - half electric and half hybrid.

9. Presentations

A. Compensation Study Preliminary Results

Progressive HR Strategies presentation was as follows:

Compensation studies analyze your current pay practices and determine if they are competitive for your industry and geographic location.

They can also help determine if your employee's salaries are in compliance with current employment, state, and federal laws.

Salary Surveys

Salary.com Comp Analyst

Economic Research Institute

Data effective as of September 1, 2022

Geography

New Orleans, LA

Industry

Ground Passenger Transportation

Size (Revenue)

Directors+: Revenue \$50M-\$200M

Remaining: All Size Average

Determining Matches

Reviewed 254 job descriptions to inform initial selection of benchmark jobs from salary surveys.

Interviewed managers to determine whether matches captured what is needed for successful job performance.

+ Knowledge

+ Skills

+ Abilities

+ Other Characteristics

If initial matches were not the best fit, managers' feedback was utilized to find more appropriate matches.

Salary data from matches were used to calculate a composite market value.

Low or minimum pay (25th percentile)

midpoint or median pay (50th percentile)

high or maximum pay (75th percentile)

Job Levels

Often jobs that share a common title may have varying:

Levels of responsibility

Experiential requirements

Different duties that vary in complexity and amount of supervision

In these cases, a career ladder approach is used to delineate these positions.

RTA did an initial positioning of employees into the new job levels based on education, experience, performance, and amount of supervision needed.

Market Based Structure with 17 Grades

Supports equitable pay.

Groups comparable jobs within the organization in the same pay grade.

Ensures competitive pay.

Grades are based upon market data from benchmark positions in external organizations.

The midpoint of each pay grade represents the composite market median salary (50th percentile).

Jobs are placed into the grades by comparing the market median salary to the closest midpoint in the pay structure.

Pay Grade Quartiles

Pay grades are divided into pay quartiles.

Helps determine the correct pay for employees based upon their ability to meet performance expectations.

Initially, employee pay should be adjusted to at least the minimum of their identified quartile.

Pay increases should be granted annually to progress employees through the pay grade.

Maintains equity in their salaries compared to new hires, thus avoiding salary compression.

Costs

Quartile placement data are provided for non-union employees

*not including CEO and other executives with specific compensation packages

Cost for addressing the 28.1% of non-union, non-executive employees

under minimum =

\$107,855*, or 0.9% of payroll

Considerations

Increasing pay to the minimum of employees' respective grades would ensure competitive pay in the market.

However, there are a few issues to consider: Some employees would receive significant increases whereas others might receive a minimal increase or no increase at all.

Salary increase projections for 2023 are the highest observed since 2001.

Experienced employees could earn the same salary as new hires - resulting in salary compression.

Pay Administration Guidelines

PHRS will work with RTA to develop guidelines for administering the program during implementation.

- New Hires

- Employees Over Range Maximum

- Equity Increases

- Promotions

- Transfer/Lateral Move

- Transfer/Lower Grade

- Market Adjustments

- Annual Increases

Next Steps

RTA Human Capital

- Administer the communications plan to employees via letters which will include new title (if applicable), new salary, and pay grade.

- Update Pay Bands

- Implement Pay Grades

- Update Respective Job Titles

- Implement Career Paths

- Job Description Updates

Commissioner Neal stated that he wanted to make sure that staff was compensated fairly.

In response to Commissioner Neal, Darwyn Anderson reported that the study was requiring Human Resources to go back and make adjustments to particular job descriptions.

In response to Commissioner Coulon, Gizelle Banks reported that the 7% rate increase included in the approved 2023 Budget for employees was for a Cost of Living Adjustment and a Merit Increase. She also stated that the monies needed for the Compensation Study was also included in the 2023 approved Budget.

In response to Commissioner Walton, Lona Hankins reported that she was going to compensate employees based on their performance in 2022, and as the reorganization is implemented, if there is a need for a Salary Adjustments there is now data to support the adjustments.

In response to Commissioner Walton, Lona Hankins stated that she was not sure that everything will happen at the same time and the new data collected will be used as a reference point if needed.

B. 2023 Audit Plan Presentation

Commissioner Neal left the meeting. There was no quorum.

Malon Thompson reported on the following:

Risk Assessment Overview

During each Fiscal Year, the Office shall conduct an enterprise-wide risk assessment to determine potential areas of risk to the RTA. This risk assessment will assist the Office in developing its Annual Audit Plan. Our goal during the process is to create a constructive, collaborative working relationship with each RTA department and obtain an understanding of the most significant risks impacting their area; while also determining how the OIAC can best add value.

In order to conduct the Risk Assessment, the OIAC relied on the following tools:

- Surveys
- Interviews
- Prior Audit (OIAC Audits and Safety Audits)
- Financial Statements
- Research

Past OIAC Audit Activity

2021 Audit Activity

- Sop Catalogue
- OTP Calculation and Reporting Process Audit
- ISMA for Safety Triennial Internal Audit

2022 Audit Activity

- Fixed-Route Service
- Planning Audit
- Timekeeping and Payroll Management Audit

2023 Planned Audit Activity

- OPED Benefits Plan Audit
- Self-Insurance and Structured Settlements Audit
- ATU Contract Performance & Compliance Audit
- Maintenance Inventory Management Audit
- IBEW Contract Performance & Compliance Audit
- IT-Systems and Applications Audit

Other Planned Goals and Activities for the OIAC

- Finalizing the Internal Audit Charter
- Implementing a Monitoring Program for Findings and Corrective Actions
- Formalizing Audit Procedures and Workflow
- Continuing The SOP Cataloging Efforts

Things to remember

- We aim to make each audit a collaborative process
- Corrective Actions are agreed upon actions by the OIAC and Management

We are professionally obligated to review and maintain documentation that supports our conclusions

Timelines and accuracy are important for our audits to be relevant and impactful

In response to Commissioner Walton, Gizelle Banks stated that the Audit staff was looking at the Charter and making sure that the New Management Team will sign off on the audit and staff will come back to the Board on a quarterly basis.

[2023 Internal Audit Plan]

[23-033](#)

C. 2022 Annual Fare Report

[2022 Annual Fare Report]

[23-032](#)

Jack Duffy reported on the following:

RTA to meet goals set out in Fare Policy

Report outlines:

Gross fare revenue by mode, sales channel, and fare media

Time-based fare products by rider type (1-Day Jazzy Pass)

Fare collection costs incurred in 2022

Summary of pass sales programs and fare access

Estimated gross sales

Est. Gross Sales: \$10,397,440.52

Monthly Average 885,857.95

In response to Commissioner Walton, Jack Duffy reported that an Adult rider was a rider between 18-65 and a Priority was a rider 65 or older and Military.

Commissioner Coulon stated that the RTA was going to discuss how to assist the school system.

10. Procurements

The following Procurement Items were taken out of order after the Infrastructure & Planning Report,

A. Authorizations

Trapeze Support Maintenance Annual Renewal - WITHDRAWN

Deferred

EDM CARD STOCK

[23-022](#)

In response to Commissioner Walton, Lona Hankins reported that staff was ordering a total of \$4M of cards.

Commissioner Neal moved and Commissioner Coulon seconded to approve the EDM Card Stock. The motion was approved unanimously.
approved

Fare Collection Parts

[23-023](#)

Commissioner Coulon moved, and Commissioner Neal seconded to approve the Fare Collection Parts. The motion was approved unanimously.

approved

RTA and The Kennedy Group Contract - WITHDRAWN

Deferred

Bus Shelter Construction

[23-027](#)

Commissioner Coulon moved, and Commissioner Neal seconded to approve the Bus Shelter Construction. The motion was approved unanimously.

approved

B. Amendment

approved

Amendment 9 to the CEA between DOTD and RTA to revise Exhibit K

[23-024](#)

In response to Commissioner Walton, Jose Ruiz reported that this extension was until 2032.

In response to Commissioner Coulon, Jose Ruiz reported that the amount was based on the current approved State Subsidy amount.

Lona Hankins reported that Amendment 9 specifically acknowledges that there is a short fall of money for the ferry and RTA can ask for more money for the ferry.

In response to Fred Neal, Jose Ruiz stated that this amendment is to make sure that the RTA receives the necessary funds.

Commissioner Coulon moved, and Commissioner Neal seconded to approve Amendment 9 to the CEA Between DOTD and RTA to revise Exhibit K . The motion was approved unanimously.

11. Audience Questions & Comments

None.

12. New Business

None.

13. Adjournment

No Quorum.