



2817 Canal Street
New Orleans, LA 70119

New Orleans Regional Transit Authority Finance Committee

Meeting Minutes

Thursday, December 9, 2021

11:00 AM

Virtual

1. Call To Order

2. Roll Call

Commissioners Present: Chairman Raymond, Commissioner Walton, Commissioner Tillery and Commissioner Wegner

Commissioner Absent: Commissioner Sarwar

3. Consideration of Meeting Minutes

Commissioner Wegner moved and Commissioner Tillery seconded to approve the Meeting Minutes of October 14, 2021. The motion was approved unanimously.
approved

4. Committee Chairman's Report

Commissioner Raymond stated that the entire Board would like to send its condolences to the Oleander Family.

[Finance Meeting Minutes from October 14, 2021]

[21-185](#)

5. Chief Executive Officer's Report

Alex Wiggins reported that staff has made the necessary investments for the 2022 Budget in technology and staffing especially in the Internal Audit Department. The budget reflects a modest increase.

Alex Wiggins reported that Sales Tax Revenue has been very steady and that in 2022 the RTA's revenue sources should be pretty stable.

6. Chief Financial Officer's Report

Mark Major reported that - Ridership - October's ridership of 635k fell short of the budget by 40% or 423k passengers. This is largely due to a slower than expected pandemic recovery. In contrast, the system rebounded favorably from Hurricane Ida with a 128% increase from September's ridership. Year-to-date comparisons to October actual's show mixed results across the spectrum - when compared to the budget (-3.2%), 2020 actual's (+4.5%) and 2019 pre-COVID actual's (-56.4%).

Mark Major reported that - Operating Cost per Unlinked Passenger Trip 2021 vs. 2019 (Pre-COVID) - The cost per passenger trip for the month of October dropped dramatically from September, down by \$15.78. The recovery from Hurricane Ida account for this result.

Mark Major reported that - Farebox Recovery Rates 2021 vs. 2019 (Pre-COVID) - Fare revenue continues to offset a significantly lower percentage of operating expenses. October's farebox recovery, however, increased to 8.2% from this year's low of 3.4% in the prior month due to the resurgence from Hurricane Ida.

Mark Major reported that - Ferry - Farebox Recovery Rates 2021 vs. 2019 (Pre-COVID) - Ferry ridership has dropped dramatically because of the pandemic, causing fare revenue to offset a significantly lower percentage of operating expenses. The resurgence from Hurricane Ida was apparent in the increase in farebox recovery from this year's low of 2.4% in September to 7.6% in October.

Mark Major reported that - Operating Revenues (Budget, Actual & Prior Year) - Overall, Operating Revenues display positive results for the month when compared to the prior year. (Note that fare collections were suspended in April 2020.) Passenger Fares, however, when compared to the budget, fared unfavorably by \$521k or 46.9%. CNO sales tax collections through August have been received, exceeding the 8-month projections by \$7.6m or 18.5%.

Mark Major reported that - Operating Revenues (Actual) - Of the \$7.9m in Operating Revenues, 72% or \$5.7m is derived from General Use Sales Taxes.

Mark Major reported that - Operating Expenses - Labor and Fringe Benefits, the largest expenditure at \$5.1M, comprised 70.1% of this month's actual expenses. Staff's massive post-transition payroll analysis and true-up continue. The contrast in 2020 and current year results for Labor and Fringe Benefits and Services is directly related to the transition from the O & M contractual arrangement with Transdev to 100% in-house operations. In total, Operating Expenses for the month compared favorably with the budget with a 26.4% or \$2.6m positive variance.

Mark Major reported that - Net Revenue (Before and After Government Assistance) - Net Revenue (Before Government Assistance) is \$481k for the month of October. This positive position is largely attributable to \$658k in Net Operating Revenue for the month. After applying the month's \$1.2m in Government Operating Assistance, Net Revenue increased to \$1.7m.

Mark Major reported that - Capital Expenditures and Debt Service - As result of the bond refinancing in September 2020, \$1.3m in proceeds were received. This accounts for the

-\$2.1m variance from prior year actuals for the month. The long-term benefits of the bond refinancing are demonstrated by \$2.0m in savings from 2020 actuals through September.

Mark Major reported that - Operating Reserve - The strong positive variance from Net Revenue (After Government Assistance) was offset by \$774k in Debt Service, resulting in only \$933k in Restricted Operating/Capital Reserve

Mark Major reported that -Maritime Operations - Passenger fare revenue for ferry operations increased by \$72k from the prior month and by \$21k from the prior year. This increase is largely due to the Hurricane Ida and pandemic recoveries. October 2021 operating expenses, however, produced unfavorable results - over budget by \$408k and up by \$52k from the prior year.

[October 2021 Financials]

[21-202](#)

[CFO PowerPoint Presentation]

[21-207](#)

7. RTA's 2022 Draft Budget

approved

RTA CY2022 Budget

[21-194](#)

Mark Major reported on the following:

Strategic Mobility Plan Goals

Earn Trust

Be Equitable

Prioritize the Rider Experience

Be Reliable

Connect to Opportunities

Support a Sustainable, Healthy Region

CY2022 Goals and Capital Initiatives

Investing in the Customer Experience

Expand number of Bus Shelters

Building Interim Downtown Transit Center

Improving Customer-facing Technology

Substantial Completion on the Canal St. Ferry Terminal Project

Revamping Fare Structure

Implementation of Prioritized New Links Recommendations

Mark Major reported on the following Operating Expenditures:

Total Operating Expenses - \$115 Million

891 Full Time Equivalents in budget (occupied and vacant)

Casualty and Liability insurance include claims reserves

TMSEL Retirement costs - \$2.1 Million

Projected COVID funding for Operating - \$14.6 Million and additional \$8.3 million in Maritime Operating and Capital Expenditures for a total of \$22.9 million in COVID Funding

Mark Major reported on the following Capital and Maritime Expenditures:
Capital Expenditures include projects that are expected to begin or continue in CY2022

Most projects are partially funded (about 80%) with federal and/or state government grants. There is also a projected local match required in CY22 of \$9.8 million.

Maritime Operations exceed the level of State and Federal funding for CY22 Budget by approximately \$8.3 million.

Alex Wiggins reported that staff was doing outreach with the Legislators and the State to discuss the Maritime Expenditures.

Commissioner Walton stated that there should be some grant possibilities and the State should have some discretionary funding that they can use.

Mark Major reported on the following Government Assistance and Debt Service
Government Assistance for Preventative Maintenance of \$14.9 million and COVID funding of \$22.9 million, leave a net revenue of \$8 million before debt service

Debt Service Expenditures \$8 million in CY22

RTA will evaluate operational and capital needs prior to spending the additional \$59 million allocated ARP (COVID) funding.

In response to Commissioner Wegner, Mark Major stated that the increase in the Budget from this year to last year is \$5 Million.

Mark Major reported that the Budget has funding for 891 position so that is a growth of one position, a wage increase for union and administration employees, fuel was being budgeted at \$2.75 which does not include taxes and the bus service hours were increasing at 50,000, streetcars were increasing by 8,000 hours and Paratransit were increasing by 25,000 hours.

In response to Commissioner Walton, Alex Wiggins reported that the Omicron COVID was known once the Budget was finalized so now staff have to take all of this into consideration and there is a little flexibility but if there is another surge it will have a significant impact on the ridership, revenue and sales tax revenue.

Alex Wiggins reported that the RTA still has the \$59 Million that was received from the feds which is valid through 2024 and this money would be used for the unknown.

Commissioner Walton moved and Commissioner Wegner seconded to approve the motion for the RTA CY2002 Budget. The motion was approved unanimously.

Enactment No: 21-094

[2022 Budget Presentation 12.09.21]

[21-212](#)

8. Cash Reserve Policy Overview

Mark Major reported on the following:

To update guidelines for prudent management and safeguarding of RTA's Investments (existing policy 1997) Ensure compliance with investment practices as outlined in LA R.S 33:2955 Safely Invest RTA's unrestricted capital

To sustain operations through delays in payments of committed funding and to accept grants and reimbursable contracts without jeopardizing ongoing operations

To ensure the long-term sustainability of the organization by preventing chronic cash flow crises

To create an internal line of credit to manage cash flow and maintain financial flexibility

The targeted amount to be attained and maintained in the Cash Reserve Fund is 25% of the Annual Operating Expenses or 3 months expenses on average

Short-term borrowing from the cash reserve fund shall be for a period of no more than (12) months and a repayment plan must be submitted with request

The designated amount of the cash reserve fund will be calculated yearly and submitted for approval with the annual budget

Working capital lag

Future capital improvements

Federal funding shortfalls

Cash flow challenges (short-term only)

Unplanned and unexpected events

The CFO or designee is responsible for managing the fund

Funds borrowed from reserve for longer than 90 days should be replenished through a re-payment plan

CEO can authorize use of the funds up to \$250K

Deputy CEO and CFO must

- Complete Request to Utilize Cash Reserve Funds Form

- Include repayment means and schedule

- Submit request to Board (if over \$250K)

[Policy Framework Slide 12.09.21]

[21-208](#)

9. Investment Policy Overview

Mark Major reported on the following:

To update guidelines for prudent management and safeguarding of RTA's Investments (existing policy 1997) Ensure compliance with investment practices as outlined in LA R.S 33:2955 Safely Invest RTA's unrestricted capital

Ensure the preservation of capital

Mitigate Credit Risk and Interest Rate Risk in the investment portfolio

Growth of investment portfolio (principal and interest)

Maintain sufficient liquidity

Outline suitable investments guided by LA R.S. 33:2955, (i.e. T-bills, bonds)

Ensure Diversification of portfolio by capping percentage of investment types (i.e. no one

investment type to exceed 10% of portfolio)

Policy Applies to the investment of unrestricted funds not held under any bond resolutions/security agreements

Investment Program to be managed by CEO, CFO, DCEO, with no one person allowed to make investment decisions and carry out transactions

Management will recommend to the Board the amount of contributions necessary for the Investment Portfolio

Board approves management of Investment Portfolio and maintains oversight of investment plans and retention of investment managers

Allow for utilization of external investment management companies and establish minimum professional requirements for advisors

Establish Internal controls to ensure that agency's assets are protected from loss. To include conflicts of interests, separation of duties, written confirmation of transactions (wires, etc.)

CFO shall periodically report the status of the Investment Portfolio to the Finance Committee

Quarterly evaluation of Investment Portfolio in consultation with Investment Manager, Finance Committee, CEO, CFO and DCEO

[Policy Framework Slide 12.09.21]

[21-208](#)

10. RTA's Permanent Fare Change

Single-Fare Rides (Bus and Streetcar)

Single-Ride Fare - \$1.25

Single-Ride Fare w/Transfer - \$1.25

Single-Ride Express Fare -

Single-Ride Express Fare w/Transfer -

Single-Ride Senior/disabled Fare - 0.40

Single-Ride (Youth/K-12) - 0.50

Single-Fare Rides (Ferry)

Single Ride Ferry One Fare - \$ 2.00

Single Ride Senior/Disabled Ferry Only Fare - \$1.00

Single-Ride Ferry Only Vehicle Driver Fare - \$ 2.00

Single-Ride Ferry Only Vehicle Driver Plus Trailer Fare - \$5.00

Single-Ride Senior/Disabled Ferry Only Vehicle Driver Fare - \$1.00

Single-Ride Senior/Disabled Ferry Only Vehicle Driver Plus Trailer - \$4.00

Single-Ride Ferry Only Vehicle Additional Passenger Fare - \$1.00

1-DAY Pass

1-Day Jazzy Pass (*Revised Structure Usable on All Modes*) - \$ 3.00

1-Day Jazzy Pass (Senior/Disabled) - 0.80

1-Day Jazzy Pass (Youth / K-12) - \$1.00

Regional Ride - \$ 6.00

3-DAY PASS

3-Day Jazzy Pass (*Revised Structure Usable on All Modes*) - \$8.00

5-DAY PASS

5-Day Jazzy Pass -

7-DAY PASS

7-Day Jazzy Pass (*Revised Structure Usable on All Modes*) - \$15.00

31-DAY PASS

31-Day Jazzy Pass (*Revised Structure Usable on All Modes*) - \$45.00

31-Day Jazzy Pass (Senior/Disabled) - \$14.00

31-Day Jazzy Pass (Youth / K-12) - \$18.00

Commissioner Wegner stated that this was something was going to work and help the riding public and market these fairs.

Commissioner Wegner moved and Commissioner Tillery moved to approve the motion for the RTA's Permanent Fare Change. The motion was approved unanimously.

approved

RTA Permanent Fare Change

[21-191](#)

Enactment No: 21-095

[Fare Change PowerPoint 12.09.21]

[21-209](#)

11. DBE Report

[DBE PowerPoint 12.09.21]

[21-210](#)

Adonis Expose' reported that a total of \$19,999,770 in contracts were awarded and \$7,321,457 was awarded to DBE Prime Contractors and \$78,902 was awarded to SBE Prime Contracts. The total DBE Participation (Commitment) was 37%.

Adonis Expose' reported that current SBE Projects are the Construction Cost Audits, Temporary Staffing-Surveyors, A&E Services, Repair Broken Sewer Lines, Vegetation Control on Streetcar Lines and On Call A&E Services (Awarded in June).

Adonis Expose' reported that the Upcoming DBE/SBE Projects are Facility Maintenance & Construction Support Services, Leadership & Change Management Training, Classification, Compensation, Health & Retirement Benefits Consultant and Napoleon Facility Renovation & Upgrade.

Adonis Expose' reported that a DBE Outreach Events was going to take place with the Urban League of Louisiana on December 10, 2021 at 9:00 am.

In response to Commissioner Wegner, Adonis Expose' stated that RTA overall DBE Goal was 30%.

12. Infrastructure & Planning Report

Lona Hankins reported that the Canal Streetcar Restoration of Service due to the Hard Rock Hotel Collapse was 100% complete and was going to return to service on December 5, 2021.

Lona Hankins reported that the Rampart Streetcar Restoration of Service due to the Hard

Rock Hotel Collapse was scheduled to return in December 2022. Staff was working on the final design and the long lead items were the poles and they were ordered a few months back.

Lona Hankins reported that the Riverfront Streetcar Track and Pole Painting was going on schedule and construction should wrap up by the end of this month.

Lona Hankins reported that the Downtown Loop to Replace Asphalt Pavement with Concrete was 30% Complete. The project was being done in three phases to have as little as an impact to Mardi Gras.

Lona Hankins reported that the RTA was awarded \$18.5 Million from the Raise Grant and the money will be used for Fare Technology Infrastructure (Hardware & Software), Design Standards for neighborhood/regional transfer points and Build Transfer Points and Comfort Stations.

Lona Hankins reported that the RTA has applied for over \$118 Million in federal grants.

Lona Hankins reported that the RTA was asking the State for \$10.6 Million to replace the two maintenance barges in Lower Algiers.

Commissioner Wegner stated that Lona Hankins was doing a great job.

In response to Commissioner Walton, Lona Hankins reported that she has reached out to the City of New Orleans regarding the repairs on St. Charles during Mardi Gras and she was also awaiting a return call from Roadwork NOLA.

[Infrastructure PowerPoint Presentation 12.09.21]

[21-211](#)

13. Procurements

Crowd Control Change Order Canal Street Ferry Terminal

[21-192](#)

Commissioner Wegner moved and Commissioner Tillery seconded to approve the motion for the Crowd Control Change Order Canal Street Ferry Terminal. The motion was approved unanimously.

approved

Enactment No: 21-097

Trapeze Software Support Maintenance

[21-197](#)

Alex Wiggins reported that unfortunately these invoices were being sent to Transdev and the RTA just recently received the back invoices for processing.

Commissioner Wegner moved and Commissioner Walton seconded to approve the Trapeze Software Support Maintenance. The motion was approved unanimously.

approved

Enactment No: 21-098

On-Site Bus Maintenance Service

[21-201](#)

Commissioner Wegner moved and Commissioner Walton seconded to approve the On-Site Bus Maintenance Service. The motion was approved unanimously.
approved

Enactment No: 21-099

14. New Business

None.

15. Audience Questions & Comments

In response to Alex Posorske, Mark Major reported that \$8.3 Million from subsidy funding was going to fund the ferry for CY22.

In response to Alex Posorske, Alex Wiggins reported that bus service would be a combination of full service during the am and pm peak with adjustment during mid-day and that is based on hiring and retaining operators and mechanics and dealing with the maintenance supply chain.

In response to Alex Posorske, Mark Major reported that there is \$1,274,000 for shelter investment in the CY22 Budget.

In response to Commissioner Wegner, Alex Wiggins reported that the RTA was down 8 mechanics and was having a very difficult time retaining mechanics.

Commissioner Wegner stated that staff need to talk to Workforce Development Program so they can develop a Customize Training Program just for the RTA.

16. Adjournment

Commissioner Tillery moved and Commissioner Wegner seconded to adjourn the Finance Committee Meeting. The motion was adopted unanimously.

adjourned