

# MEMORANDUM

TO: Mohamed Balla, CFO, City of Atlanta  
David Roberts, Partner, Mauldin & Jenkins

FROM: Collie Greenwood, General Manager/CEO

DATE: August 18, 2024

RE: Operational Performance Audit of the More MARTA Atlanta Program –  
Mauldin & Jenkins Draft Report

Thank you for providing the draft report of the Operational Performance Audit of the More MARTA Atlanta Program conducted by Mauldin & Jenkins. Since receiving the report on August 14<sup>th</sup>, we have reviewed the document and agree with many of the observations and recommendations aimed at improving program efficiency and transparency.

We agree that the current More MARTA Intergovernmental Agreement with the City is cumbersome, restrictive and ineffective. The agreement should be restructured for greater clarity and efficiency to minimize the impact of shifting political dynamics between and during an administration. As the recipient of the sales tax responsible for delivering the program, it is critical that MARTA have stability and certainty in the decision-making process for the program to be successful. Reducing ancillary agreements and ensuring a clear, consistent framework will support better business, financial planning, and overall success of the program.

However, we have significant disagreement with several findings in the report, particularly regarding the cost allocation calculations for operational programs from FY 2017-2022. The method presented by Mauldin & Jenkins appears to have arbitrarily reduced the percentage attributable to More MARTA City of Atlanta in FY 2017 through 2019 by incorrectly applying a COVID-based essential service allocation methodology to pre-COVID service planning and delivery. This method used a threshold calculation created by MARTA during the pandemic in response to drastically changing route plans and reduced ridership. By retroactively revising data using a COVID-era formula and incompatible methodology, Mauldin & Jenkins unfortunately has produced erroneous findings.

Given the limited time to review the draft report, MARTA is providing the following comments on the Observations and Recommendations portion of the report. This is not intended to be a comprehensive response to the report or the characterizations and

interpretations of a transit program from an audit firm without expertise in transit operations. MARTA looks forward to working with the City of Atlanta to strengthen the overall communication, efficiency and effectiveness of the More MARTA program as we continue moving our city and our region forward.

**Observation 1:** MARTA currently only tracks bus service levels at a system-wide level. As a result, MARTA's current methodology does not allow for the determination of actual hours or miles of service provided by any individual vehicles or routes, which prevents MARTA from directly determining the level of bus service enhancements provided through the More MARTA Atlanta program, as measured in VRM and VRH, and instead relies on scheduled figures as detailed in Markups.

**Recommendation 1:** MARTA's Technical Services team should evaluate options for tracking route-level VRM and VRH data and applying this route-level data to evaluate the level of bus service enhancements provided through the More MARTA Atlanta program. Potential methods of tracking route-level VRM and VRH data include utilizing existing on-vehicle technology systems, such as AVL and CAD systems, or procuring new tracking systems from a third-party vendor.

**MARTA Response: Partially Agree.** MARTA tracks and reports scheduled, delivered, and missed bus service (Trips and Hours) at the system, division (garage), and route level. (Reference Power BI Dashboard *17\_BusOps*). Additionally, for the last two years, fixed route bus revenue miles have been tracked using TransitMaster for service delivery. Furthermore, TransitMaster maintains a historical record of which buses were in service for specific routes. Moreover, MARTA's Enterprise Asset Management (EAM) application FASuite tracks the total miles (driven) of buses for maintenance purposes. That said, MARTA is currently in the implementation phase of transitioning to a new CAD-AVL application, Clever Devices.

**Observation 2:** The 2020 Intergovernmental Agreement ("IGA") between MARTA and the City is not well suited for the current state of the More MARTA Atlanta program. The IGA is too restrictive on many of the details of the Program's governance structures, such as many of the specific, technical project management committees and roles, while is simultaneously too broad when it comes to communications and reporting between MARTA and the City.

**Recommendation 2A:** The City and MARTA should update the IGA to truly focus on defining the City and MARTA's roles and responsibilities in the management of the More MARTA Atlanta program clearly stating reasonable expectations regarding how the City of Atlanta and MARTA are to communicate. As part of the communications plan, the Office of the Mayor, City Council, and other relevant organizations should

specify what types of reports and specific information they want to receive from MARTA and what details each of those reports should contain.

**MARTA Response: Agree. The current IGA is cumbersome, restrictive and ineffective. The agreement should be restructured for greater clarity and efficiency, minimizing the impact of shifting political dynamics between and during an administration. As the recipient of the sales tax and responsible for delivering the program, it is critical that MARTA have stability and certainty in decision-making for the program to be successful. Reducing ancillary agreements and ensuring a clear, consistent framework will support better business, financial planning, and overall success of the program.**

**Recommendation 2B:** The City and MARTA should consider developing a governing document that is less permanent than an IGA for specific decision points, as well as policies and procedures, that do not rise to the level of inclusion in an IGA. A potential operations manual, or similar document, could provide additional flexibility by only requiring approval from the Program Governance Committee for updates, rather than approval by the Atlanta City Council and MARTA Board of Directors, which is required for amendments to IGAs.

**MARTA Response: Agree. Certain items outside of the IGA require approval by the MARTA Board of Directors under the MARTA ACT and bylaws. Still, we agree that many items can be handled on a more administrative level and welcome that streamlined approach, provided that those at the City level are given the authority to make decisions that MARTA can subsequently rely on and act on in good faith.**

**Observation 3:** As the most recent sequencing plan agreed upon by both MARTA and the City is the initial 2018 capital project plan, MARTA is obliged to continue working on each of the 17 projects approved in that initial plan, even though to make progress on 17 projects simultaneously stretches resources available, including both funds and personnel.

**Recommendation 3:** City and Authority leadership should expeditiously consider the resequencing plan developed in spring 2023. If the leadership of the two government entities determines the resequencing plan does not adequately address the needs and resources of the Program, More MARTA Atlanta leadership should expeditiously review priorities and available resources and develop a new resequencing plan.

**MARTA Response: Agree. The resequencing plan needs to be revised. The plan that was vetted through public meetings, approved by the Project Management Team and Project Governance Committee in the Spring of 2023 likely needs to be revisited. Mayor Dickens has publicly stated his interest in pursuing additional**

**infill stations, which are currently not on the approved or proposed sequencing list.**

**It is important to note that MARTA has complied with the requirements of the IGA, and the program implementation timeline, initiating and advancing 8 of the 17 projects under the adopted sequencing plan as laid out in the agreement. Staffing levels have been ramped up appropriately to execute the work of this program.**

**Observation 4:** The City has multiple points of contact with MARTA (City Council, Office of the Mayor, Atlanta Department of Transportation (“ATLDOT”), etc.) and does not maintain internal formal processes for ensuring that all relevant parties are updated about relevant communications with MARTA.

**Recommendation 4:** The City should seek to improve vertical and horizontal communications within the Atlanta government, ranging from interdepartmental communications to the communication of decisions from the Mayor’s Office and/or department heads to the City staff responsible for executing on said decisions. The City should be sure to document decisions regarding the More MARTA Atlanta program that occur outside the communication channels and procedures established in the 2020 IGA with MARTA or any other relevant IGAs or governing documents that the City may enter into with MARTA in the future and communicate those decisions to all relevant parties within the City government.

**MARTA Response: Agree. Per the City Charter, intergovernmental relations are delegated to the Office of the Mayor, and MARTA would recommend that all communication be centralized through the Mayor’s office.**

**Observation 5:** MARTA’s quarterly financial reports to the Office of the Mayor do not include any information on the post-true-up Sustaining Capital costs charged to the More MARTA Atlanta program. As a result, the More MARTA Atlanta program financial summaries included in MARTA’s quarterly financial reports do not fully reflect the state of the More MARTA Atlanta program’s finances.

**Recommendation 5:** MARTA should revise their financial reporting template to fully show both budgeted and actual (post-true-up) Operational Programs costs charged to the More MARTA Atlanta program.

**MARTA Response: Agree. MARTA provides quarterly expenditure reports in accordance with the requirements of the IGA, detailing program expenditures by spend type listed by each project within the program. MARTA recommends that we work with the City’s CFO to develop a financial report and reporting schedule that provides the right level of summary and detail and accounts for the**

**validation timing required by MARTA's federal obligation to report service information through the National Transit Database.**

**Observation 6:** Program leadership have frequently included a specific type of transit (ART, BRT, LRT, etc.) in the naming conventions of new capital projects and/or have frequently communicated a specific type of transit for new capital projects to the public prior to the selection of the project LPA, leading to confusion and occasionally public frustration.

**Recommendation 6:** Program leadership should avoid including specific transit types in the naming convention and communication for new capital projects prior to the official selection of the LPA.

**MARTA response: Agree.**

**Observation 7:** The M&J Team recalculated MARTA's More MARTA Atlanta program Operational Programs cost allocation calculations for FY17 through FY22.

For FY22, the M&J Team's calculations matched the revised calculations that MARTA performed during the audit process, which MARTA has asserted that it will apply to the More MARTA Atlanta program's finances as part of the FY23 true-up process.

For FY20 and FY21, the M&J Team's calculations produce significantly lower cost allocations than MARTA's original calculations, which are still reflected in MARTA's financial reporting, but do agree with revised calculations that MARTA maintains internally.

The M&J Team's recalculation (applying MARTA's current cost allocation methodology) of the FY17 through FY19 Operational Programs cost allocation calculations is not directly comparable to MARTA's original calculations, as MARTA likely used a different methodology or methodologies to perform its cost allocation calculations from FY17 through FY19. The M&J Team's recalculations (applying MARTA's current cost allocation methodology) of the FY17 through FY19 cost allocations produce significantly lower cost allocations than the calculations that MARTA performed using the original methodology or methodologies used from FY17 through FY19. In late July 2024, MARTA produced a new Markup reflecting the "Fast Track" service that MARTA provided beginning in February 2017, which was not incorporated in the FY17 Markups that MARTA had provided to M&J up to that point. Incorporating the "Fast Track" service detailed in the new FY17 Markup into M&J's recalculations moderately reduces the difference between MARTA's FY17 Operational Programs cost allocation and the FY17 Operational Programs charges recalculated by M&J using MARTA's current methodology.

**Recommendation 7A:** The City should work with MARTA to affirmatively agree on a well-documented methodology for use in calculating More MARTA Atlanta program Operational Programs cost allocations (which could be the current methodology). If MARTA develops route-level or vehicle-level VRH and VRM tracking methods, the City and MARTA should evaluate the impact of utilizing these more granular service level data and revise the methodology as appropriate.

**MARTA Response: Partially Agree.** MARTA will work with the City to confirm a cost allocation methodology that is equitable to all MARTA jurisdictions, inclusive of the More MARTA City of Atlanta service and expansion.

However, MARTA takes serious issue with flawed methodology used by Mauldin & Jenkins to arrive at this observation. The method presented by Mauldin & Jenkins appears to have arbitrarily reduced the percentage attributable to More MARTA City of Atlanta in Fiscal Years 2017 through 2019 by incorrectly applying a COVID-based essential service allocation methodology to pre-COVID service planning and delivery. This method used a threshold calculation created by MARTA during the pandemic in response to drastically changing route plans and reduced ridership. By retroactively revising data using a Covid-era formula and incompatible methodology, Mauldin & Jenkins unsurprisingly produced erroneous findings.

This calculation, by default, cannot account for any increase in service delivered on More MARTA routes in excess of the original schedule. It also attributes—and offsets from the costs—all missed trips to More MARTA before applying any of those trips to Core Penny service. For example, since MARTA calculates missed trips on a system-wide basis, a missed trip in DeKalb County would be automatically credited to More MARTA City of Atlanta—thus reducing its cost—and effectively having DeKalb County subsidize the More MARTA program for that individual trip. Using this method in FY2017, for example, results in a 435% decrease in revenue mile costs and a 460% decrease in revenue hour costs attributable to More MARTA.

MARTA used a standard percentage allocation approach to calculate enhanced bus service during Fiscal Years 2017 through 2019 by forecasting the additional hours and miles introduced by the enhanced service plan. The additional service was used to calculate the total percentage breakout of service by all MARTA jurisdictions to include the City of Atlanta enhanced bus and mobility service based on the analysis provided by the Senior Director of Transit System Planning.

MARTA applied the More MARTA Enhanced Bus service percentage to the costs reported to the National Transit Database (NTD) for bus service using the formula noted on page 43 of the Mauldin & Jenkins Audit. MARTA derived the amount of

**sustaining capital also attributable to More MARTA City of Atlanta service based on this calculated total.**

**This service cost was compared to the budget allocated from the split of forecasted revenues to determine the reconciliation action necessary by fiscal year.**

**Recommendation 7B:** The City should verify that MARTA transfers \$9.9M from the MARTA Unified Reserve to the City of Atlanta Reserve (More MARTA Atlanta) to correct for the FY22 miscalculation.

**MARTA Response: MARTA will work with the City to determine an equitable cost allocation method as noted in 7A. This specific correction was undertaken at MARTA's initiative and recommendation.**

**Recommendation 7C:** The City should work with MARTA to resolve the disagreement between MARTA's original More MARTA Atlanta program Operational Programs cost allocation calculations for FY20 and FY21, which still appear in MARTA's financial reports, and MARTA's revised cost allocation calculations for FY20 and FY21. The differences in cost allocation calculations between MARTA's original calculations and MARTA's revised calculations (which the M&J Team validated) are approximately \$10.3M for FY20 and \$6M for FY21. If MARTA and the City agree to apply MARTA's revised cost allocation calculations in place of MARTA's original cost allocation calculations for FY20 and FY21, the City should ensure that MARTA's revised cost allocation calculations were/are applied for FY20 and FY21 in both actual movement of funds and Program financial reporting.

**MARTA Response: MARTA will work with the City to determine an equitable cost allocation method as noted in 7A. As any change in cost allocation methodology impacts the true up of reserve accounts, MARTA will execute a new true up of funds transfers required based on the new cost allocation methodology.**

**Recommendation 7D:** The City should hold discussions with MARTA on the significant differences between MARTA's original cost allocation calculations for FY17 through FY19 and the cost allocations produced by applying MARTA's current cost allocation methodology to MARTA's service data from FY17 through FY19, which are \$14.4 million for FY17 (or \$13.5 million for FY17 if the "Fast Track" service included in the Markup provided to M&J in late July 2024 is incorporated), \$25.7 million for FY18, and \$4.0 million for FY19. If, as a result of these discussions, MARTA agrees to revise the cost allocations applied for FY17, FY18, and FY19, the City should ensure that MARTA's revised cost allocation calculations are applied for FY17 through FY19 in both actual movement of funds and Program financial reporting.

**MARTA Response: MARTA will work with the City to determine an equitable cost allocation method as noted in 7A. As any change in cost allocation methodology impacts the true up of reserve accounts, MARTA will execute a new true up of funds transfers required based on the new cost allocation methodology.**

**Observation 8:** The City's limited personnel dedicated to the More MARTA Atlanta program, including no personnel dedicated solely to the More MARTA Atlanta program, restricts the City from providing all necessary resources to Program capital projects and limits the City's ability to be fully involved in the capital project delivery process. Atlanta PMO Liaison, as permitted by the IGA between the City and MARTA. The City should regularly invoice MARTA for this position's – or these positions' – salary and benefits, as further permitted by the IGA. The position(s) should be predominately, if not exclusively, dedicated to the More MARTA Atlanta program in order to best direct resources and make connections necessary for program delivery.

**MARTA Response: MARTA agrees with this observation. Ideally, the liaison would be highly qualified, responsive, and a collaborative, task-oriented partner—not someone with a personal or political agenda.**

**Observation 9:** While the Program is, intentionally or otherwise, setting precedence and developing procedures as part of current capital projects, documentation of recent and historic decisions and procedures (including calculations) has not been consistently maintained, especially in a manner that allows for succession and transition planning.

**Recommendation 9:** The City and MARTA should consider establishing record retention policies for the Program, which may include project documents, program decisions, policies, meeting minutes, etc. Records should be readily available to and easily searchable by both government entities, even after initial drafters/owners of the records leave the Program and/or respective government entity.

**MARTA response: Partially Agree. Over the past three years, MARTA has greatly improved how it keeps records of decisions, minutes, and notes, transitioning from a dated, e-mail archive system to a cloud-based system. Currently, all new documentation is shared with the City in real time through SharePoint. MARTA is committed to continuing to strengthen its record-keeping process.**

**Observation 10:** Based on interviews with relevant MARTA personnel and documentation received from MARTA, the Georgia Department of Revenue's ("DOR") monthly distributions do not provide MARTA with sufficient information to distinguish the revenues collected in the City of Atlanta through the More MARTA Atlanta ½¢ sales and use tax from revenues collected in all of MARTA's jurisdictions through the standard 1¢

MARTA sales and use tax. As a result of the reported lack of information provided with DOR's distributions, MARTA designates a set percentage (13.56% from FY17 through FY22, 14% from FY23 onwards) of all revenues received from DOR as More MARTA Atlanta ½¢ revenues.

**Recommendation 10:** MARTA should work with DOR to help ensure that the Authority receives sufficient information to identify More MARTA Atlanta ½¢ revenues when DOR provides sales tax distribution. The City should work with MARTA to verify that the Authority allocates and designates revenues to the More MARTA Atlanta program in accordance with identifying information provided by DOR.

**MARTA Response:** MARTA will reach out to the DOR to again request a method of distribution that identifies the City ½ cent distribution as well as share of MARTA's monthly sales tax allocations with the City.

MARTA initially used a set percentage through FY2022 but changed to a 4-year moving average of the proxy taxes for all jurisdictions FY2023 and beyond. The 4-year moving average is mentioned in the M&J capital section on page 51 but is absent from M&J commentary on the sales tax allocation.