

POPULAR ANNUAL FINANCIAL REPORT 2016

For the Years Ended
June 30, 2016 & 2015
Atlanta, Georgia



marta 

REDEFINED



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EXIT

To Ga. St. Univ., Grady Hospital



BOARD OF DIRECTORS

OFFICERS



Robert L. Ashe III
CHAIRMAN



Noni Ellison-Southall
VICE CHAIR



Frederick L. Daniels, Jr.
TREASURER



Roberta Abdul-Salaam
SECRETARY

DIRECTORS



Juanita Jones Abernathy



Roderick E. Edmond



Jerry R. Griffin



Harold Buckley, Sr.



Robert F. Dallas



Jim Durrett



Freda Hardage



Barbara Babbit Kaufman

EX-OFFICIO



Russell McMurry, PE



Christopher Tomlinson

MESSAGE FROM THE GENERAL MANAGER/CEO



Fiscal year 2016 marked the 20th anniversary of the 1996 Olympics where MARTA served as the transportation agency for the world. Fast forward two decades: with MARTA Redefined, we have returned to the foundation of providing excellent transit service with a few twists that netted positive results.

We focused on improvements to our bus and rail services and initiated several technology-based pilot programs. In addition to improving our financial position, we played a key role in developing economic opportunities. And, made art a focal point of our business.

MARTA's employees, from frontline staff to senior leadership, have personified MARTA Redefined. As we chartered this course, the guidance of the MARTA Board of Directors has been invaluable.

With every success, MARTA moved closer to realizing our organizational goals of focusing on our employees, finances, and customers. None of this could have been achieved without the spirit of Routine Excellence we thoughtfully cultivated within the agency.

We broke ground on Spoke, a Transit Oriented Development at the Edgewood/Candler Park Station that embodied a rebirth of the program. Spoke fostered TOD's strategic goals to generate ridership; promote sustainable, viable communities; and generate revenue from the transit investment.

I tasked our team with re-evaluating our current offerings to determine if we could customize how we do business. The results of the Comprehensive Operational Analysis provided a solid path for service as we go forward.

We debuted 18 articulated "bendy" buses for high-ridership routes and completed a contract to purchase approximately 250 low-emission, 40-foot buses. We added more frequent rail service during peak periods and initiated a new rail car procurement that will replace the entire fleet over the next 5-10 years. We expanded

bus service in Clayton County and opened a MARTA Police Precinct.

We introduced a mobile ticketing pilot program that will allow for paying fares with a smartphone rather than a Breeze card. The \$30 million Go Transit grant from the state of Georgia will mean a dramatic difference in how digital information will be delivered via AVIS, the audio visual information system, in all 38 rail stations.

For the sixth straight year, MARTA didn't institute a fare increase. Through exceptional financial stewardship, we earned accolades from Wall Street that led to another upgrade in our bond rating and added substantially to our rainy day fund.

The MARTA Board of Directors voted to reinvigorate our Arts in Transit program. This commitment was underscored with an allocation of up to 1 percent of the capital budget going toward rehabilitating and curating different types of art for the stations.

A significant part of MARTA Redefined meant that we were keenly aware that all customers deserve excellent service. We valued, and continue to value, the 400,000-plus people who rode with us every day.

We are grateful for the trust you've given, and we look forward to building a best-in-class transit system.

Sincerely,

Keith T. Parker, AICP
General Manager/CEO



MARTA'S VISION

MARTA IS AN INTEGRAL PART OF THE COMMUNITY, THE ECONOMY, AND THE TRANSPORTATION SYSTEM IN THE REGION, PROVIDING A MEANINGFUL MOBILITY CHOICE AND AN ATTRACTIVE ALTERNATIVE TO THE AUTOMOBILE FOR ALL RESIDENTS AND VISITORS TO THE AREA.

MARTA IS A SAFE, SECURE, AND RELIABLE PUBLIC TRANSPORTATION SYSTEM, WITH EMPHASIS UPON CUSTOMER SERVICE AND COST EFFECTIVENESS.

IT IS A SYSTEM WITH A POSITIVE IMAGE THAT THE COMMUNITY UNDERSTANDS, RESPECTS, AND SUPPORTS.



FISCAL YEAR 2016 WAS
A MILESTONE FOR MARTA.

SERVICE

A SOLID RECORD OF FISCAL STABILITY, BETTER TRANSIT SERVICE DELIVERY AND LANDMARK LEGISLATIVE ACCOMPLISHMENTS UNDERPINNED THIS YEAR OF SIGNIFICANT ACHIEVEMENTS.

ECONOMY

Legislative update

The Authority concluded one of its most successful legislative sessions since 1965 – the year the original MARTA Act was passed.

With strong bipartisan support, the Georgia General Assembly approved SB 369, a bill empowering the City of Atlanta to vote on a half-penny funding increase for transit expansion on a November ballot referendum.

This follows legislation approved by the 2014 General Assembly for Clayton County to join MARTA, resulting in a ballot initiative voters adopted by a 3-to-1 margin.

ARTS

Moving forward

MARTA's image continues to improve. We're strengthening the agency's bottom line, investing in forward-looking safety and security measures and launching customer-focused campaigns such as "Ride with Respect" to curb nuisance behavior.

We still have work to do, and are focusing efforts in four critical areas that impact MARTA's progress – **Service, Economy, Arts and Technology or S.E.A.T.** On the following pages we share a few examples of accomplishments in each area to inform you of how we fared this milestone year.

TECHNOLOGY

During fiscal year 2016, MARTA achieved significant national rankings:



On Time Performance:
among the best in
the nation for rail



**Escalator/Elevator
Reliability:** among the
highest in the nation
(consistently exceeding
our performance target)



Part 1 Crimes:
second fewest among
the nation's largest transit
agencies



Best Airport Service: #1 in
the nation, with average of
3 minutes from baggage
claim to rail platform, and
about 16 minutes from
arrival to destination



SERVICE

MEETING CUSTOMER NEEDS

MARTA's Capital Improvement Program is dedicated to keeping our transit system safe and in a state of good repair. Due to our efforts to improve service, we are riding a wave of renewed confidence and support from lawmakers, customers, business leaders and other stakeholders.



AIRPORT TO DOWNTOWN IN 16 MIN.

Skip traffic. Save money. Ride MARTA to the airport. Just \$2.50 per trip. 



SERVICE

During fiscal year 2016, MARTA:

- **Extended** initial transit service to Clayton County after receiving overwhelming voter approval in a ballot referendum; currently adding new viable bus routes
- **Achieved** 80% customer satisfaction for Clayton County service
- **Enabled** shorter wait times for rail customers by providing more frequent train service during peak hours
- **Installed** video surveillance cameras on nearly all buses, paratransit vehicles and rail vehicles to deter crime and improve safety
- **Efficiently** served customers by increasing the number of bus routes while streamlining service
- **Declared** commitment to completely revamping MARTA's bus service with fleet variations, greater service frequency, more locations and faster services (per recommendations of Comprehensive Operations Analysis)
- **Constructed** a state-of-the art Mobility facility at Brady Garage for paratransit service serving elderly and disabled customers
- **Modernized** fleet with purchase of 18 new, articulated "bendy" buses and 265 low-emission 40-foot buses
- **Achieved** LEED Silver Certification for MARTA's Buckhead Station Bridge North Entrance
- **Made** multi-million-dollar investments in MARTA's infrastructure, awarding state of good repair capital contracts to replace or rehabilitate elevators, escalators, emergency and stand-by power systems, and tunnel ventilation system

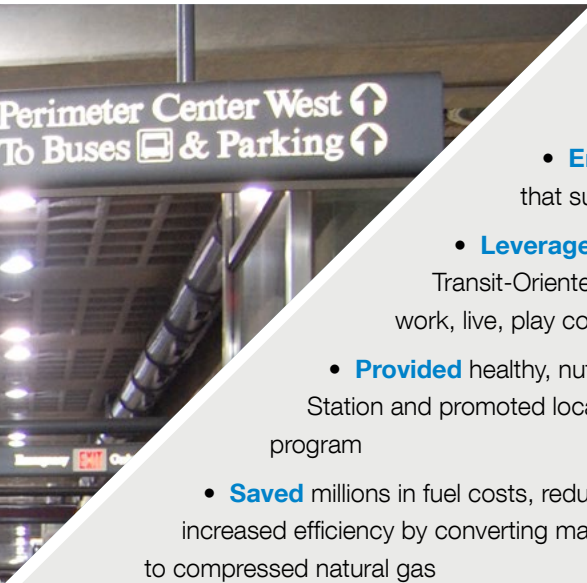
265

Low-emission
40-foot buses

SUPPORTING COMMUNITY GROWTH AND DEVELOPMENT

MARTA's Board of Directors, leadership team and employees are committed to ensuring the transit system remains a growing contributor to the economic prosperity and quality of life in metro Atlanta and across the state of Georgia.





To support this commitment, we:

- **Accomplished** four consecutive years of adding to agency’s financial reserves (2013-2016); accumulated more than \$200 million in reserve funds during that period
- **Saved** the Authority millions in interest payments and borrowing costs with recent bond rating upgrades
- **Factored** into major corporate relocations – including State Farm, Mercedes Benz and Kaiser Permanente – assisting in attracting a workforce that increasingly desires walkability and transit options
- **Employed** nearly 5,000 people and spent millions on contracts that sustain and create jobs in the Atlanta region and statewide
- **Leveraged** MARTA-owned land and other assets through the Transit-Oriented Development (TOD) program for developing high-density work, live, play communities around its rail stations
- **Provided** healthy, nutritious foods to customers at West End Rail Station and promoted local farmers through MARTA’s “Fresh Market” program
- **Saved** millions in fuel costs, reduced our carbon footprint and increased efficiency by converting majority of the bus fleet from diesel to compressed natural gas
- **Reduced** electrical utility rates by demonstrating reduced load response capability to Georgia Power and Southern Company, saving millions in annual electricity costs

5K

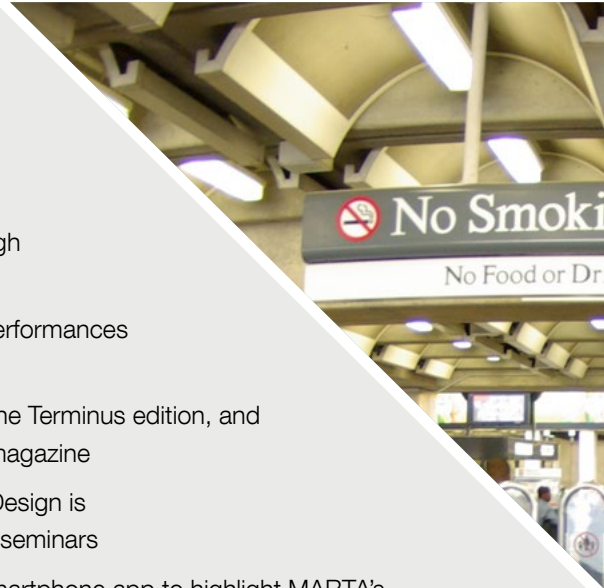
MARTA Employed nearly 5,000 people and spent millions on contracts that sustain and create jobs in the atlanta region and statewide

Efforts in this arena included:

- **Worked** with internationally known artist Fahamu Pecou and others on a mural project at King Memorial and three additional rail stations
 - **Working** with the City of Chamblee on a gateway mural project
 - **Partnering** with Atlanta's Office of Cultural Affairs and the High Museum of Art on art projects throughout the system
 - **Co-hosted** "Jazz in the Stations" with live musical performances during the annual Atlanta Jazz Festival
 - **Featured Station Art** in Art Papers' magazine Terminus edition, and the Atlanta Journal-Constitution's Intown magazine
 - **Collaborated** with Modern Atlanta/Design is Human on a series of exhibits and seminars
 - **Developing** a self-guided smartphone app to highlight MARTA's unique art collection

2K

estimated people using
MARTA transit system
to attend cultural activities
last year



ENHANCING THE CUSTOMER ENVIRONMENT

MARTA's Board approved funding to re-institute the agency's arts program that restores existing artwork as well as plans new installations and creative/cultural performances.



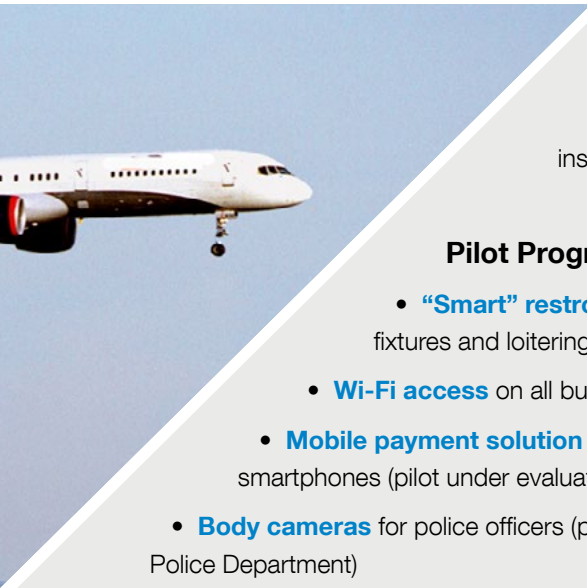
TECHNOLOGY

UPGRADING THE CUSTOMER EXPERIENCE

Advanced technology has been introduced to improve customer convenience, safety and security, as well as the agency's bottom line. Achievements include completed implementations and pilots:



GY



Implemented Programs:

- **MARTA's "On The Go" app** provides customers with real-time train and bus updates, for more efficient, hassle-free planning
- **MARTA's "See & Say" app** enables customers to discreetly report crime or suspicious behavior using smartphones
- **More secure Breeze card chip technology** protects patrons' personal data
- **New state-of-the-art human machine interface (HMI)** for MARTA's SCADA (Supervisory Control & Data Acquisition) System installed and tested

Pilot Programs:

- **"Smart" restroom** with fully automated facilities, vandal-resistant fixtures and loitering control features (pilot implemented)
- **Wi-Fi access** on all buses, rail cars and rail stations (currently testing)
- **Mobile payment solution** enabling customers to purchase fares using smartphones (pilot under evaluation)
- **Body cameras** for police officers (pilot under evaluation by MARTA Police Department)

FINANCIAL HIGHLIGHTS

This Annual Report contains summarized financial information taken from MARTA's Comprehensive Annual Financial Report (CAFR), which is published separately. The CAFR includes detailed financial information including MARTA's audited financial statements. Copies of the CAFR and Popular Annual Report are available at MARTA's headquarters building, the public libraries of DeKalb County, Fulton County, Clayton County, and the City of Atlanta, and on the internet @ www.itsmarta.com.

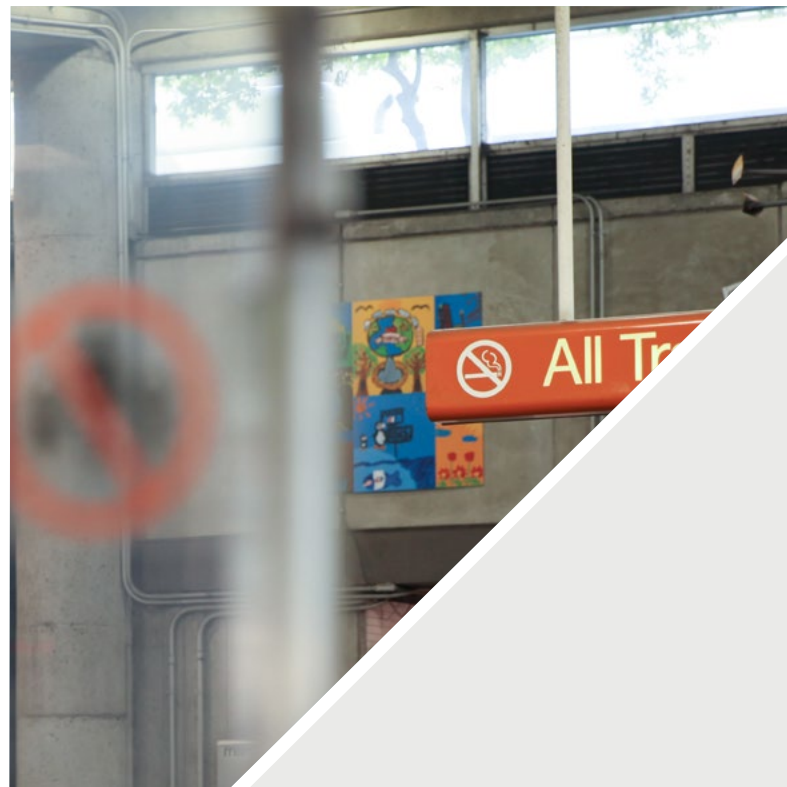
In order to measure the costs of providing mass transportation services, the revenues from those services and required subsidies, MARTA has adopted accounting principles and methods appropriate for a governmental enterprise fund. Enterprise funds are used to account for specific operating activities. Enterprise funds are financed and operated similar to a private business entity where a fee is levied for the use of the product or service.

MARTA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting under which revenues are recognized when earned and measurable and expenses are recognized when incurred. The statements are presented in conformity with accounting principles generally accepted in the United States of America.

The Government Finance Officers Association of the United States and Canada (GFOA) has given MARTA the Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. MARTA has received a Popular Award for the last eighteen consecutive years (fiscal years ended June 30, 1998 through 2015). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.





Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**Metropolitan Atlanta
Rapid Transit Authority
Georgia**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO

FARE STRUCTURE

For the Fiscal Year Ended June 30, 2015

Regular Fare

Single Trip (stored on Breeze Card)	\$2.50
Round Trip (stored on Breeze Card or Breeze Ticket)	\$5.00
Ten(10) Trips (10 trips on Breeze Card or Breeze Ticket)	\$25.00

Discounted Fare

Twenty (20) single trips (20 trips stored on Breeze Card)	\$42.50
30 day pass (unlimited travel for 30 consecutive days, all regular service)	95.00
7 day pass (unlimited travel for 7 consecutive days, all regular service)	\$23.75
Day passes (unlimited travel for consecutive days, all regular service).	

Price per day:

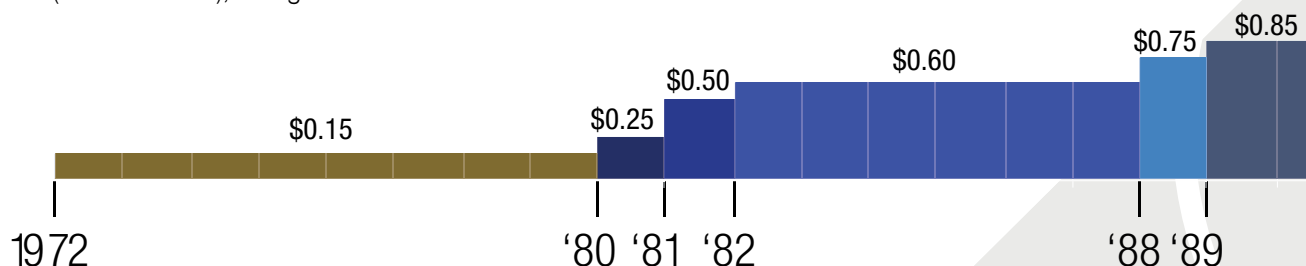
1 day:	\$9.00
2 day:	\$14.00
3 day:	\$16.00
4 day:	\$19.00

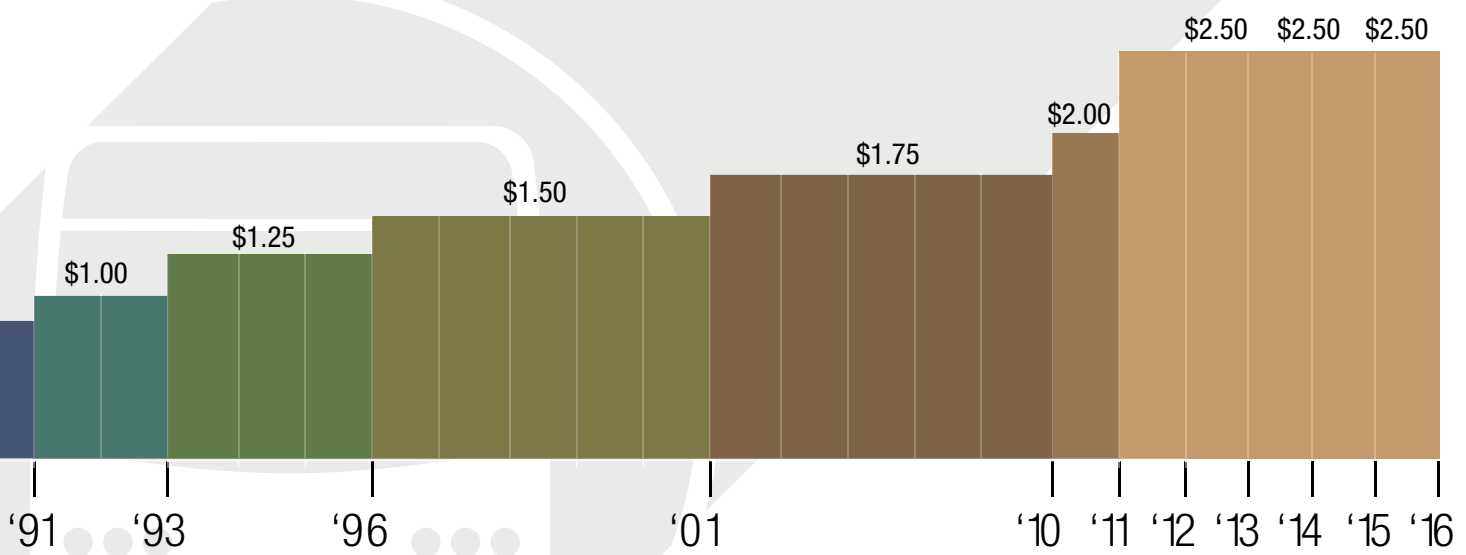
Mobility and Reduced Fare Programs

Reduced Fare (for pre-qualified customers 65 and older and disabled customers using regular service)	\$1.00
Mobility Service (Demand response for certified customers.	\$4.00
Personal care attendant may ride free, if required)	
Discounted Mobility Service (20 single trips)	\$68.00
Discounted Mobility Service (unlimited travel for 30 days on Breeze Card)	\$128.00
Mobility on Fixed Route (For Mobility certified customers riding fixed route with Mobility Breeze Card)	No charge

Student Programs

K-12 Program (Grade School and High School students K-12, Monday through Friday)	\$14.40
Ten(10) trip pass (to/from school), all regular school	





NET POSITION

MARTA's net position was \$1.3 billion at June 30, 2016, a \$45.4 million decrease from June 30, 2015 when net position was \$1.4 billion, and a \$16.8 million decrease from June 30, 2014. MARTA reported positive balances in all categories of net position and negative balance for unrestricted net position in the last three years. MARTA reported positive situation on all categories of

net position for prior years. More detailed information on the statement of net position is contained in the Comprehensive Annual Financial report.

PRIMARY REVENUE SOURCE TREND

This chart shows MARTA's two primary revenues trended over the past ten fiscal years. MARTA's two largest revenue sources are Sales Tax and Fare Revenue. The two combined make up 77% or \$551 million of total revenue. Sales Tax provides 57% of MARTA's total revenue and Fare Revenue provides 20% of the total.

MARTA's Sales Tax revenue comes from a 1% sales tax levied in the City of Atlanta and the Counties of Fulton DeKalb and Clayton. Under the law authorizing the levy of the sales and use tax, MARTA is restricted as to its use of

the tax proceeds. Fare Revenue is earned through user fees; as of June 30, 2016, the full fare fee is \$2.50, which was increased from \$2.00 in October 2011.

As indicated on the chart, sales tax revenue has trended upward for most of the past decade. In 2007, Georgia and most of the country entered into a major economic recession. The impact of this recession can easily be seen in the sales tax revenue numbers. However, fare revenue has remained relatively constant over the past decade.

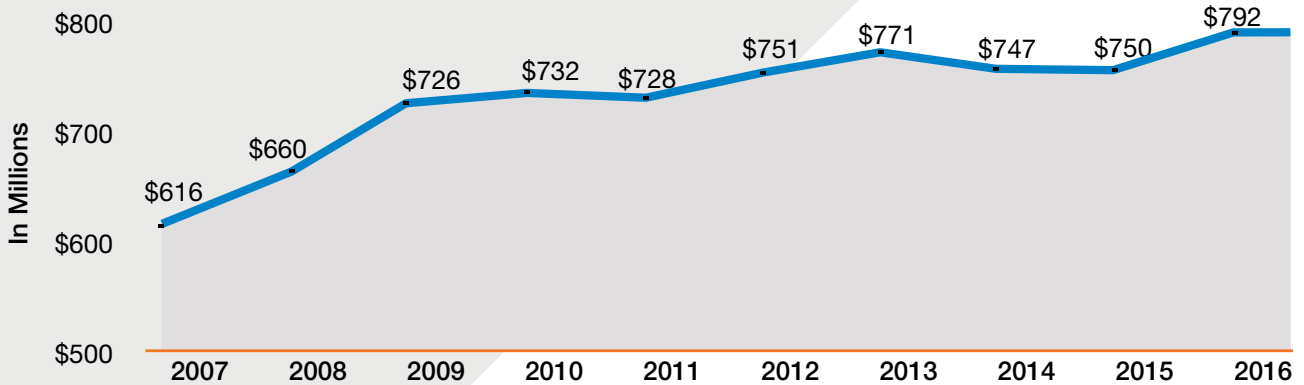
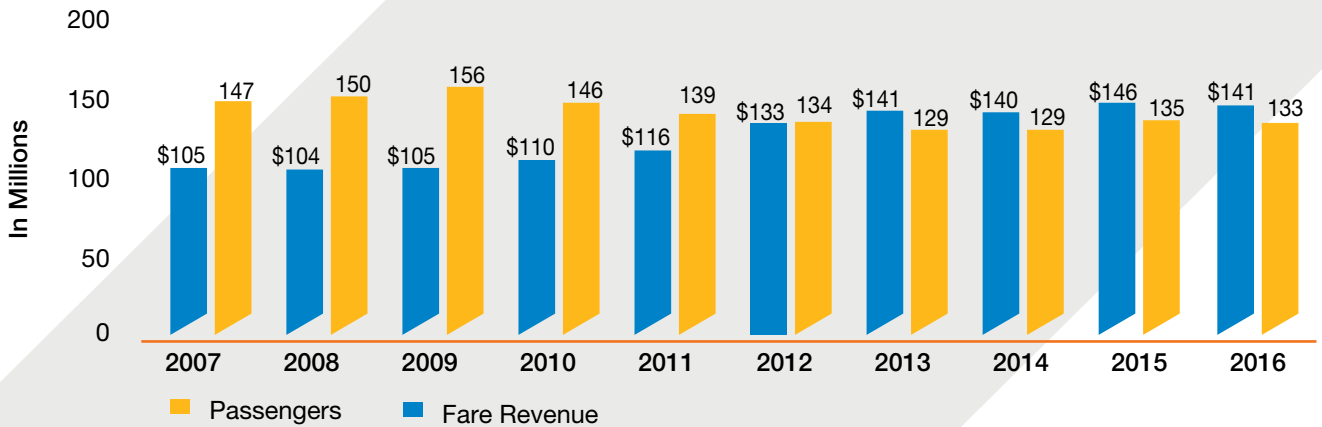
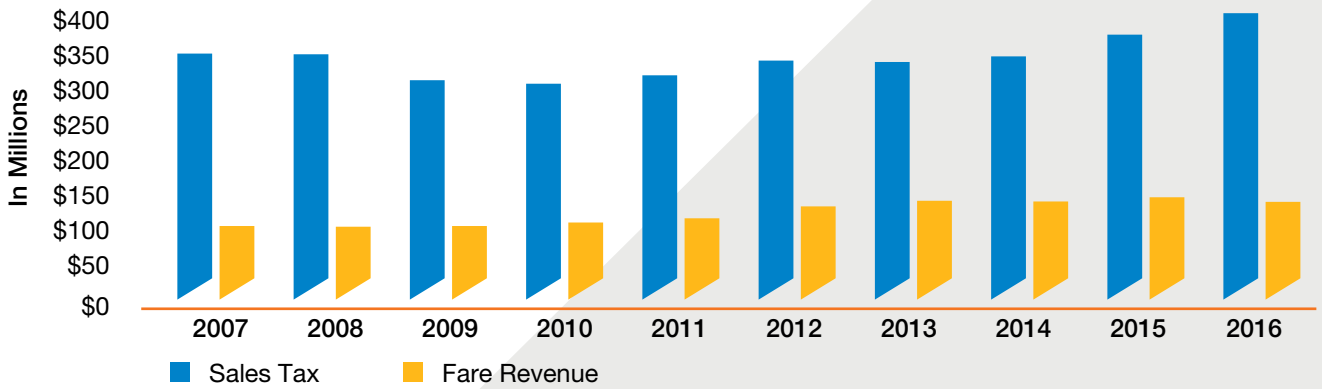
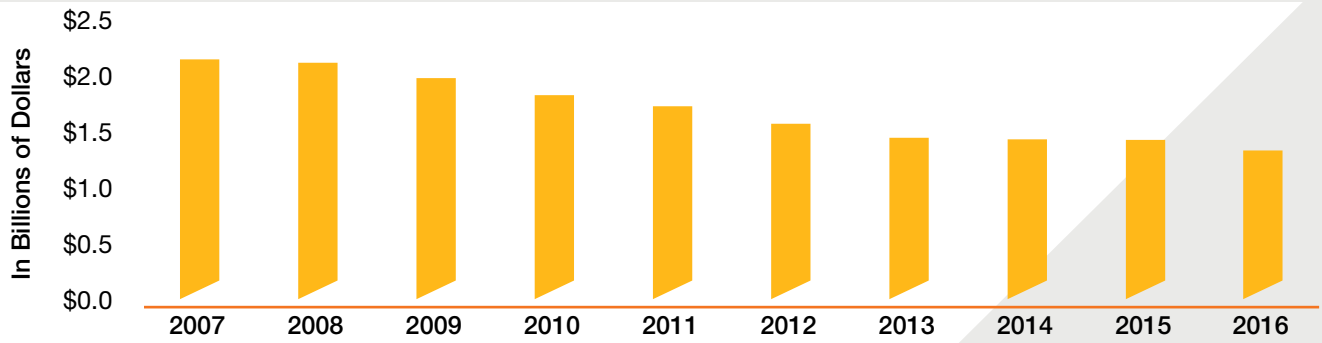
CHANGE IN RIDERSHIP AND FARE REVENUE

This chart gives a simple comparison of MARTA's revenue in dollars and Passenger count trended over the past 10 years. Both Passenger Count and Fare Revenue had a slight up and down movement from 2007 through 2016. Fare Revenue however, started to have a steady rise from 2010 to 2015 while passenger count continued to have a see-saw movement.

TREND OF TOTAL EXPENSES

This chart shows total expenses trended over the past ten years. Total expenses include both operating and non-operating expenses. In 2007, total expenses started to increase gradually due to depreciation on a number of major capital programs that were placed in service. Cost containment measures have effectively flat-lined the growth in expenses from 2009-2011, and gradually

increased from 2012 to 2016. Even with the aggressive cost containment measures, the cost of fuel and health care continue to outpace the related cost savings and any revenue growth.

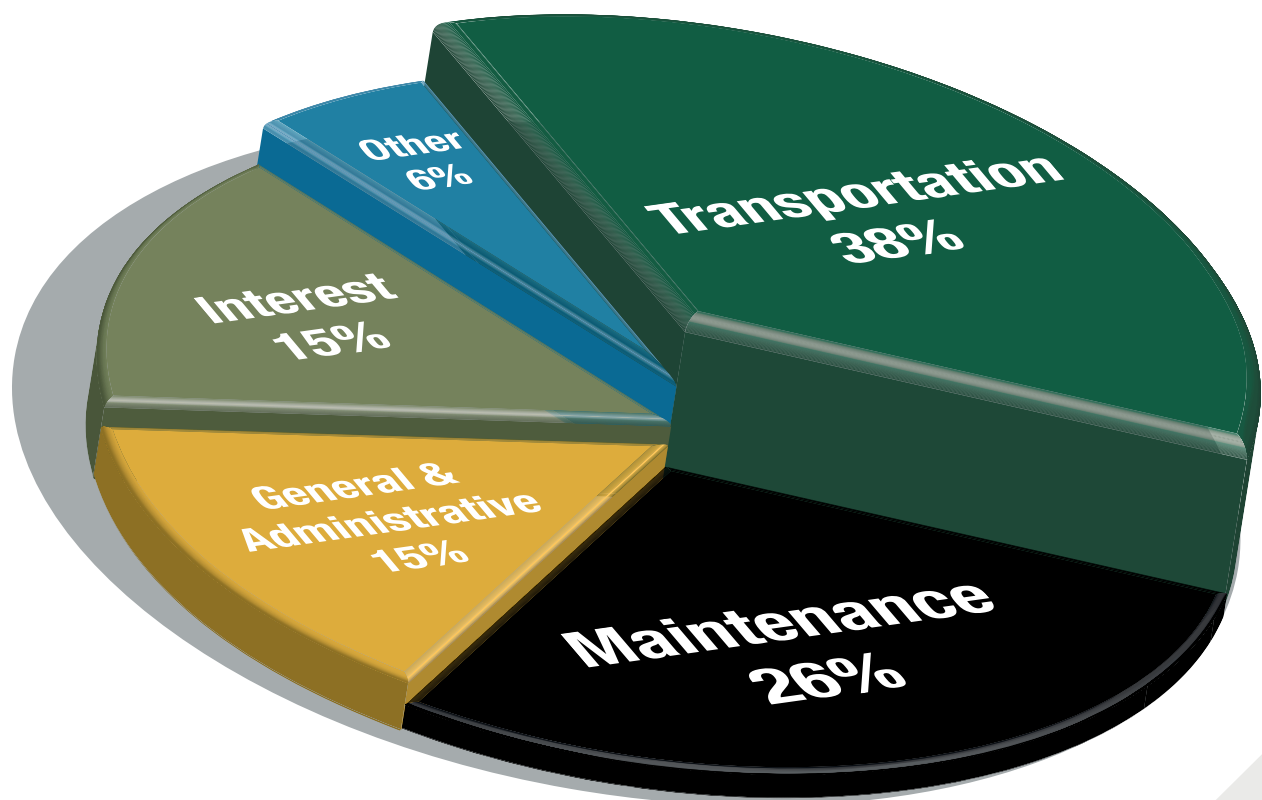


TOTAL EXPENSES BY FUNCTION

This chart shows total expenses by function. A function is a type of activity that MARTA engages in, which subsequently results in an expense. This chart shows that providing transportation and the associated maintenance represent 63.6% or \$350 million of MARTA's total expenses by function. Transportation and related maintenance include such expenses as salaries and benefits of bus and train drivers, electricity and fuel. Paying out interest, primarily on bonds, is 15% or \$83 million of the total expenses by function. MARTA finances most of its capital equipment and rail construction with bond funds; thus, interest expense

is expected to represent a significant portion of total expenses. General and administrative expenses include, but are not limited to, salaries and benefits for administrative personnel, office materials and supplies and casualty reserves. These expenses account for 15% or \$83 million of total expenses by function, decrease of \$1 million over FY 2015; this is primarily due to decline in general and administrative expenses related to capital projects. Other expenses comprised 6% of total expenses which is 2% less than last fiscal year.

Total Expenses by Function

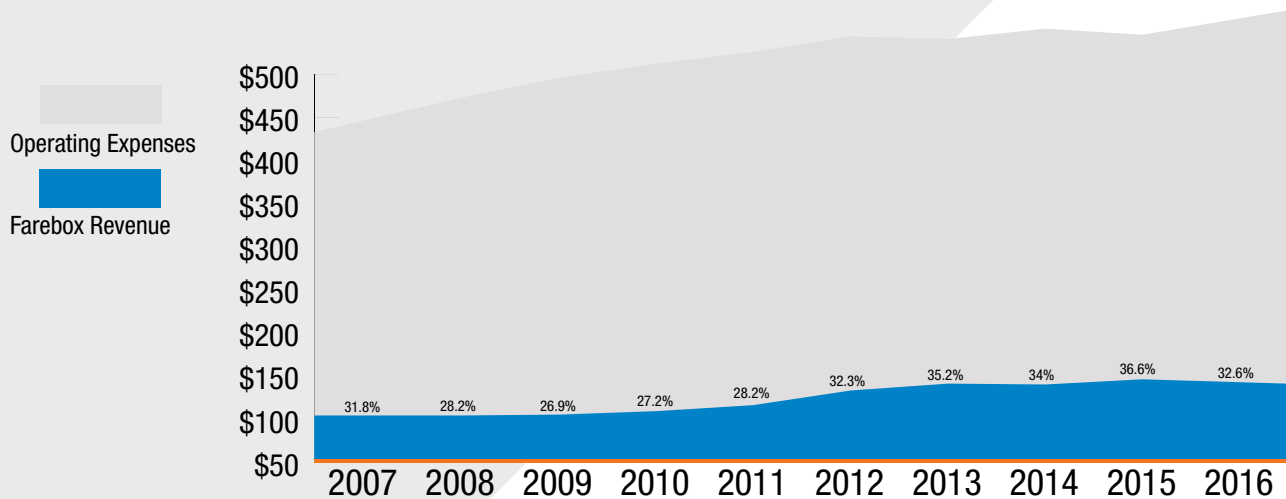


FAREBOX RECOVERY PERCENTAGE

Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Farebox Revenue	Percent Change	Operating Expenses	Percent Change	Farebox Recovery
2007	\$104,678	5.6%	\$328,958	7.3%	31.8%
2008	103,963	(0.7)	368,767	12.1	28.2
2009	105,235	1.2	390,923	6.0	26.9
2010	109,546	4.1	403,360	3.2	27.2
2011	115,828	5.7	410,462	1.8	28.2
2012	132,870	14.7	411,476	0.2	32.3
2013	140,697	5.9	399,742	(2.9)	35.2
2014	140,318	(0.3)	412,742	3.3	34.0
2015	146,417	4.3	400,157	3.0	36.6
2016	141,360	(3.5)	433,099	8.2	32.6

This chart shows the percentage of MARTA's operating expenses that are paid by the revenue obtained from the passenger fare.



RAIL MAP



www.itsmarta.com
 404-848-5000
 TTY: 404-848-5665
 Accessible Format: 404-848-4037



METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

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METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

