



Nashville MTA Board Meeting

Elizabeth Duff Transit Center

400 Dr. Martin L. King, Jr., Blvd., Nashville, TN 37219

July 1, 2024 | 1:30 p.m.

Board Members:

Gail Carr Williams, Chair
Janet Miller, Vice Chair

Jessica Dauphin
Kathryn Hays Sasser

Aron Thompson

1. Call to Order

2. Roll Call

3. Consent Agenda Items

- Revolving Line of Credit Renewal – Steve Bland, CEO **M-A-24-013** **P. 1**
- Auto Damage/Catastrophic Insurance Renewal – Steve Bland, CEO **M-A-24-018** **P. 2**
- WeGo Liability Insurance Renewal – Steve Bland, CEO **M-A-24-019** **P. 3**
- March Network Onboard Surveillance Contract Award – Nick Oldham, CSSO **M-A-24-020** **P. 4**

4. Operations & Finance Committee – Jessica Dauphin, Chair

- There are no O & F discussion items for this meeting

5. New Initiatives & Community Engagement Committee – Janet Miller, Chair

- There are no NICE Committee discussion items for this meeting

6. Other Business

7. Adjournment

~ No Public Comments ~

This meeting is convened to address urgent matters, and as such, there will not be a public comment period. The agenda is restricted to the approval of emergency action items, necessitating expedient decision-making without the customary gathering of feedback or input from external parties.

Nashville Metropolitan Transit Authority

of Nashville & Davidson County, Tennessee

Board Action Item

Item Number:	M-A-24-013	Meeting Date:	6/27/2024
Item Title:	Revolving Line of Credit Renewal		

BACKGROUND:

The Nashville Metropolitan Transit Authority (Nashville MTA) typically needs temporary operating fund assistance due to annual delays in receiving our Section 5307 formula capital grant funding. Historically, Nashville MTA converts a portion of the capital grant funding appropriation from capital to operating to pay preventive maintenance (PM) and paratransit (ADA) operating costs. From time to time, federal grant draws are delayed creating cash flow challenges. Consequently, there remains a need to maintain the line of credit to allow flexibility to have funds available to cover any unforeseen grant funding shortfalls or timing issues that could occur during the upcoming fiscal year. Currently, through Metro Nashville's Budget Ordinance and MTA Board approval, MTA is authorized to borrow up to \$20.0 million through Fifth Third Bank. The Fifth Third credit facility has a term of one year and expires June 30, 2024.

You will recall, that two years ago MTA's line of credit moved to based upon the Prime interest as a result of the Federal Reserve (Fed) agency, the Alternative Reference Rates Committee (ARRC), phasing out the use of LIBOR for all commercial banks and moving to Prime which is a more regulated index with greater market support.

Consequently, MTA's renewal will have no changes from last year and will continue to be based upon the Prime rate minus 1.35% with the same non-use fee of 0.2% basis points. These expenses have been included in the Proposed annual budget.

We will again be using a tiered method setting up the initial line of credit at \$7.5 million with the ability, at management's discretion, to borrow up to \$20 million, if necessary. We use this tier method to avoid excessive non-use fees on the authorized line amount. The line allows for increases in \$500,000 increments for a \$100 fee should management need to increase the authorized line. The proposed budget ordinance that Metro Council should pass for the FY2025 budget again authorizes the Nashville MTA to obtain short-term financing in an amount not to exceed \$20 million and the term of the loan cannot go beyond June 30, 2025.

RECOMMENDATION:

Staff is requesting that the Board give the CEO the authority to enter into a new one-year line of credit with Fifth Third Bank for the period of July 1, 2024, through June 30, 2025, based upon the terms explained above with the line starting at \$7.5 million with a not to exceed of \$20 million. The line of credit is to be used as needed and to be repaid as grant funding is received.

APPROVED:

Board Secretary

7/1/2024

Date

Nashville Metropolitan Transit Authority

of Nashville & Davidson County, Tennessee

Board Action Item

Item Number:	M-A-24-018	Meeting Date:	6/27/2024
Item Title:	Auto Damage/Catastrophic Insurance Renewal		

BACKGROUND:

Every year, our WeGo Public Transit insurance broker shops the insurance market for renewal of the Nashville MTA's auto damage/catastrophic policy with a \$100,000 deductible per occurrence. You will recall that last year, due to changes in the insurance industry, modifications were made, moving away from traditional insurance coverage to a new layered structure of coverage where several carriers participate in covering the total value of the fleet, currently at almost \$91 million. The idea behind the multiple layers of carriers was to mitigate the amount of risk that any single carrier would bear, especially given the catastrophic events with which the insurance industry has had to deal over the last 3 to 5 years.

Our broker was able to put together a \$50 million policy for catastrophic coverage with a \$100,000 deductible for auto damage that consists of nine different carriers for an annual policy premium of \$1,209,305. This is an increase of approximately \$198,049 over last year's premium of \$1,011,256. The renewal policy includes the same fleet covered under the prior policy but also covers the addition of 30 new 40' Gillig buses, 11 paratransit vans, and 19 new service vehicles, many of which are replacements for vehicles that have reached or exceeded their useful life. Management is in the process of preparing these expired vehicles for disposal through the eBid auction but must keep them on the policy until disposal is complete. For the past several years, MTA has adopted an annual vehicle endorsement coverage update, providing a revised list of covered vehicles only once a year at the time of policy renewal. However, given that there will be a large number of vehicles coming off the policy within a short period after the start of the renewal period, the underwriters of this catastrophic coverage policy have agreed to allow MTA to adopt a quarterly endorsement process so that the total value of vehicles included in policy coverage may be adjusted at each quarter point of the policy period, thus reducing costs to MTA under this policy.

It should be noted that the maximum limit that the combination of carriers would accept is up to \$50 million. This increases WeGo's risk for the additional \$41 million value in the fleet that is not covered by a catastrophic event such as a tornado, hailstorm, or flood impacting our Nestor location. The risk is somewhat mitigated in that to sustain a total loss, the weather event would have to occur between 1 and 4 a.m. when the majority of the fleet is domiciled at the Nestor facility. For flood events, we have an evacuation plan that has been tested twice since 2019, and the Nestor property was completely evacuated from all fleets in under 4 hours. Also, in the significant loss we experienced in 2010 due to the flood, we saw other Federal agencies step in, as we saw FEMA and the Federal Transit Administration do, where we replaced the fleet without having to utilize our traditional insurance coverage.

RECOMMENDATION:

We are asking the Board to approve WeGo's auto damage and catastrophic insurance coverage as presented here for a premium cost of \$1,209,305 for the period of July 1, 2024, through June 30, 2025.

APPROVED:

7/1/2024

Board Secretary

Date

Nashville Metropolitan Transit Authority

of Nashville & Davidson County, Tennessee

Board Action Item

Item Number:	M-A-24-019	Meeting Date:	6/27/2024
Item Title:	WeGo Liability Insurance Renewal		

BACKGROUND:

Every year, our WeGo Public Transit insurance broker shops the insurance market for renewal of the Nashville MTA's \$3 million liability policy. Last year, our broker made a full market effort across its nationwide network, which resulted in a change in providers to Chubb Insurance and a significant saving in our liability coverage costs.

Shortly after binding coverage through Chubb, MTA experienced a substantial loss in August 2023 that had our current provider seriously considering dropping MTA once the policy year ended, but our insurance broker was able to negotiate a renewal for FY2025. The expiring policy with Chubb consists of standard coverage with a \$3 million limit and a \$100,000 deductible per occurrence. The renewal policy for liability coverage has the same \$3 million limit but is increasing the deductible per occurrence to \$250,000.

The total premium cost for the coverage period of July 1, 2024, to June 30, 2025, is based on the number of vehicles expected to be on hand July 1, 2024.

Liability Coverage	Current Chubb (2023-24)	Proposed Chubb (2024-25)
Premiums	\$900,000	\$1,058,000

This represents a 17.6% increase compared to last year. The premium will vary slightly depending on the number of vehicles and vehicle types WeGo may have in the fleet at any given time.

RECOMMENDATION:

Based on the explanation above, staff requests the Board to provide the Chief Executive Officer the authority to enter into a contract with Chubb Insurance for our liability coverage for the period effective July 1, 2024, to June 30, 2025, for \$3 million in coverage with a \$250,000 deductible for a premium amount of \$1,058,000.

APPROVED:

Board Secretary

7/1/2024

Date

Nashville Metropolitan Transit Authority

of Nashville & Davidson County, Tennessee

Board Action Item

Item Number:	M-A-24-020	Meeting Date:	6/27/2024
Item Title:	March Network Onboard Surveillance Contract Award		

BACKGROUND:

On February 1, 2018, the Nashville MTA issued a solicitation for information on managed services of all onboard cameras within the Nashville MTA/RTA fleet. Two proposals were received as responsive and responsible from Apollo and March Networks. With the information received and the deliberating team's assessment, the primary stakeholders from the Nashville MTA Safety, Operations, and Technology departments recommended continuing the partnership with March Networks as a sole procurement. March's proposed system included monitoring and management of existing assets to ensure 100% operational, on-site mobile repair services, replacement parts, labor, and installations, as well as the provision of new equipment for new vehicles.

Over the last five years, the Safety Department has been pleased with the service provided by March Networks and would like to continue the partnership. The current contract is up for renewal this month, and this project involves the purchase of onboard bus surveillance services and equipment. This will be treated as a sole-source procurement due to the use of March Network's proprietary equipment and programs, which are currently installed in our fleet. Changing the equipment, for which there are no foreseen needs, would be significantly cost-prohibitive.

This contract's initial term is for 36 (thirty-six) months but may be extended by an adequately executed amendment for one (1) additional optional two (2) year term as may be requested by Nashville MTA, in Nashville MTA's sole discretion.

The contract was negotiated, and due to our relationship and standing with March Networks, along with their long-term commitment to MTA, the usual rates were discounted by 40%. The three-year total contract value is \$964,534.42 with an optional two years, which would be an additional \$730,086.74.

RECOMMENDATION:

Staff recommends the Board provide the Chief Executive Officer with the authority to enter into a contract with March Networks for the management and repair of all vehicle onboard cameras. The proposed contract is a three-year, sole source mobile managed services contract with one two-year option for renewal. The proposed contract includes a not-to-exceed amount of \$964,534.42 and a contingency amount of 10% (\$96,453.44). Funding will be assigned and made available through the annual operating budget.

APPROVED:

Board Secretary

7/1/2024

Date