I. Public Comment:

II. Action Item:
   1. Approval of Minutes from the February 12, 2020 Finance, Audit and Administration Committee Meeting.

III. Presentation:
   1. Internal Audit FY2020 Audit Plan Status

IV. Items for Future Discussion:

V. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, Pio Renteria and Troy Hill.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.
Approval of Minutes from the February 12, 2020 Finance, Audit and Administration Committee Meeting.
Call to Order: 10:02 a.m.

I. Public Comment:

There was no public comment this month.

II. Action Items:

1. Approval of Minutes from the October 9th, 2019 and November 6th, 2019 Finance, Audit and Administration Committee meetings.

   Motion to approve by Board member Cooper. Renteria second. Approved 3-0.

2. Approval of a resolution authorizing the President & CEO, or his designee, to execute an agreement with Intersection Media LLC to manage Capital Metro’s transit advertising program for a (one) three-year base period with two renewable option periods of two (2) years each with a guaranteed payment to Capital Metro for the base period of $3,312,000.

   Vice President of Marketing and Communications Brian Carter presented this item.

   Intersection Media is the preferred vendor for this contract. They have a proven track record and clients throughout the country. It is expected that this will lead to greater exposure to larger and more national advertisers. There is a minimum guaranteed revenue amount for each of the three years of the contract and in later option years.

   Board member Mitchell asked about the percentage of advertising space that was represented in the minimum revenue figures. Brian says that he believes it is based on space for paid advertising being about 70%.

   Board member Cooper asked about the agency’s policy limited advertising from certain industries -- alcohol and others. Chief Counsel Kerri Butcher explained that we currently have an operating policy which prohibits certain types of ads including political position advertising.

   Board member Mitchell asked what the range of revenue at other agencies is. Brian explained that agencies have generally done better financially when they have a third-party helping them manage their program. President Clarke also commented that revenues at other agencies can be significantly higher when they are allowed to advertise at-stop and at facilities, something that is currently prohibited by City of Austin ordinances on outdoor signage. CFO Reinet
Marneweck said that a survey of other agencies in Texas was conducted two years ago and at that time Dallas DART had revenues of just over $4 million.

Motion to recommend for approval by Board member Cooper. Renteria second. Approved 3-0.

III. Presentations:

1. Customer Satisfaction Survey Presentation

Vice President of Marketing and Communications Brian Carter presented this item.

Brian reviewed the survey methodology and response rates. Nearly 1,500 surveys were conducted in September 2019. The next survey of this type will be conducted in July of this year.

In general customer satisfaction with Capital Metro remains high, with over 80% of customers expressing satisfaction with Capital Metro, and an overall Net Promoter Score of 45%. Customers rated frequency as the most important element of service, exceeding on-time performance in importance.

Brian also reviewed satisfaction for the last several years across service types. He also explained the rationale behind the Net Promoter Score (NPS), which is a new metric in the survey. In the two surveys that NPS has been included, Capital Metro has scored much higher than the transit industry average. He also reviewed key takeaways and actions the agency plans to take based on identified problem areas.

Board member Cooper asked about declining satisfaction numbers on MetroRapid service. Chief Customer Officer and COO Dottie Watkins commented that it may be due to a combination of overcrowding and problems with bus bunching caused largely by congestion. Texas Transportation Institute (TTI) is currently helping us to analyze operational data and will make recommendations on operational improvements.


CFO Reinet Marneweck presented the report, which covered results through Q1 of FY2020.

Reinet reviewed each of the major categories of revenue and overall we are slightly below budget due to timing of some grant revenues. She also reviewed actual sales tax receipts and reported that sales tax growth continues to be strong. She also reviewed operating expense categories and we are currently tracking just below budget for the year. She reviewed budget Transfers, the agency’s reserve and restricted funds, and budget variances by department. Finally she gave a summary of current capital projects spending.

3. Internal Audit Semi-Annual Implementation Status Report
Internal Auditor Sarah Daigle provided the report.

Internal Audit follows up and reports on all open audit recommendations twice a year, in May and November. This report covered the November 2019 timeframe. In November there were five audit reports that among them had 24 open recommendations. Of the 24 recommendations, twelve were found to have been fully implemented; with 12 outstanding. Sarah then provided an update on the current status of the 12 outstanding recommendations.

4. Internal Audit FY2020 Audit Plan Status

Vice President of Internal Audit Terry Follmer gave a progress report on this year’s audit plan.

One item of note is the state-mandated quadrennial Independent Performance Audit. Capital Metro had hoped to enlist the Texas Transportation Institute for assistance with this work, but we have been notified that they may not be able to participate due to a non-compete agreement so it looks like a full procurement process will be necessary. Terry also reviewed other current and upcoming audits and anticipated assistance which will again be provided by interns from the University of Texas Professional Accounting Program.

IV. Items for Future Discussion:

V. Adjournment

Adjourn: 11:13 a.m.

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TITLE: Internal Audit FY2020 Audit Plan Status