



**CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY  
& THE CHATTANOOGA PARKING AUTHORITY**

**BOARD MEETING AGENDA**

June 18, 2026, 10:00 AM ET

1. **Call to Order**
2. **Quorum Call**
3. **Moment of Silence & Pledge of Allegiance**
4. **Public Comment**
5. **Recognitions:** Linda Bullard
6. **Staff Updates**
  - A. CEO Report: Charles D. Frazier
7. **Consent Agenda**
  - A. Adoption of Minutes (May 21, 2026, Board): Brandon Meredith [PAGE 2](#)
  - B. Statistical Report: Daniel Dufour [PAGE 13](#)
8. **Action Items:**
  - A. FY2027 Capital Budget - Final: Annie Powell [PAGE 17](#)
  - B. FY2027 Operating Budget - Final: Melanie Jones [PAGE 20](#)
  - C. May 2026 Financial Report: Melanie Jones [PAGE 39](#)
  - D. Procurement Report: Annie Powell [PAGE 42](#)
9. **Old Business**
10. **Adjournment**
11. **Executive Session**

**NEXT MEETING: August 20, 2026, 10:00 AM ET**

**TO:** CARTA Board of Directors  
**FROM:** Brandon Meredith | Director of Communications  
**DATE:** June 18, 2026  
**SUBJECT:** May 21, 2026, Approval of Board Meeting Minutes  
**TYPE:** Action Item

### **1. PURPOSE**

The purpose of this memorandum is to request Board approval of the minutes from the May 21, 2026 meeting of the CARTA Board of Directors.

### **2. BACKGROUND**

The minutes from the May 21, 2026 meeting of the CARTA Board of Directors were compiled and circulated to Board members on June 15, 2026 for review. Approval of the minutes will confirm their accuracy and establish them as the official record of the meeting pursuant to Article V, Section 7 of CARTA's By-Laws.

### **3. ANALYSIS**

Board meeting minutes serve as the official record of actions taken by the CARTA Board of Directors. The minutes document motions, votes, and discussions that occurred during the meeting and are maintained in accordance with CARTA's governance and recordkeeping practices. Board members have been provided an opportunity to review the minutes in advance of the meeting and may propose amendments prior to final approval.

### **4. FINANCIAL IMPACT**

There is no financial impact associated with this item.

### **5. PROCUREMENT OVERVIEW**

This item does not involve procurement activity.

### **6. WHY IT MATTERS**

Approval of this item will confirm the accuracy of the official record of the May 21, 2026 CARTA Board of Directors meeting and ensure compliance with CARTA's By-Laws governing the documentation and approval of Board proceedings.

### **7. BOARD ACTION**

#### **Board Action Requested:**

Approval of the May 21, 2026, CARTA Board of Directors meeting minutes as presented, subject to any amendments approved by the Board

### **ATTACHMENTS**

May 21, 2026, Meeting Minutes

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF**  
**THE CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY**  
**AND**  
**THE CHATTANOOGA PARKING AUTHORITY**  
**May 21, 2026**

The regular meeting of the Board of Directors of the Chattanooga Area Regional Transportation Authority (“CARTA”) and the Chattanooga Parking Authority was held Thursday, May 21, 2026, starting at 10:00 a.m., at the Board Building, 1617B Wilcox Blvd., Chattanooga, TN 37406. The meeting was held in accordance with Section 4, Paragraphs 1 and 2 of the ordinances creating the Authority and pursuant to the notice posted on the CARTA website on August 01, 2025, and in the Chattanooga Times Free Press on May 03, 2026. The following Board members were in attendance and constituted a quorum: Johan de Nysschen, Charita Allen, Treasurer; Stephen Culp, Corey Evatt, Daniela Peterson, Bill Nye, and LeAndrea Sanderfur. The following people were also in attendance: Charles Frazier, Chief Executive Officer; Melanie Jones, Chief Financial Officer; Scott Wilson, Chief of Staff; Rachael Ruiz, Legal Counsel, Miller & Martin; Dena Franklin, Payroll & A/R Administrator; and various media and guests. Mr. de Nysschen called the meeting to order and declared a quorum present.

Mr. de Nysschen opened the meeting with a moment of silent reflection followed by the Pledge of Allegiance. Mr. de Nysschen next opened the meeting for public comments or questions. There were none.

Mr. de Nysschen called on Ms. Bullard to present the May 2026 Ambassador Award. Ms. Bullard recognized Tamega Carr, CARTA Care-A-Van driver. Ms. Carr was recognized for her compassion and professionalism when she assisted a wheelchair bound passenger. During boarding,

the wheelchair lift experienced a malfunction. In response, Ms. Carr manually operated the lift to ensure that the passenger was able to board and exit safely. Following the event, the passenger contacted CARTA's customer service manager to commend the way Ms. Carr made him feel through the experience. He stated that he never felt like an inconvenience and appreciated Ms. Carr's care, kindness, and professionalism.

Mr. de Nysschen called on Mr. Frazier to provide a CEO update. Mr. Frazier reported that CARTA held an Ambassador Graduation ceremony on April 29, 2026. As part of the ceremony, CARTA's most tenured employees were also recognized. Councilwoman Jenny Hill was the keynote speaker. On April 21, 2026, Mr. Frazier presented CARTA's twenty-year transit vision to the Chattanooga City Council. Mr. Frazier reported that CARTA's vision is 100% aligned with the city's comprehensive growth framework called Plan Chattanooga and it was well received by the City Council. Mr. Frazier will present CARTA's five-year transit vision this summer.

Mr. Frazier reported that CARTA's Connect the Corridor study is underway. The study is funded utilizing a seven hundred eighty-seven thousand five hundred dollar (\$787,500.00) Transit-Oriented Development (TOD) planning program FTA grant award. The study is focused on infrastructure gaps in one of the two high-capacity corridors in CARTA's 20-year plan, the Brainerd corridor. A Safe Streets For All grant application in the amount of three million dollars (\$3,000,000.00) is in process to fund design and construction documents that will address the missing infrastructure revealed during the study. The study will also provide recommendations for land use and zoning policies.

The Connect the Corridor kick off meetings were held on April 23, 2026 and April 24, 2026. In attendance were Arcadis, technical and steering committee members, and CARTA leadership. The steering committee is made up of representatives from C&E, Invest Chattanooga, Trust for Public

Land, the Happy Urbanists, the Mayor's Council on Disability, Thrive Regional Partnership, Outdoor Chattanooga, TDOT, and appointees from City Council members in Districts 5, 6, 8, and 9.

Mr. Frazier reported that CARTA's leadership participated in the FTA annual State Safety Oversight and Rail Workshop, and that Melanie Jones, CARTA CFO, attended the Transit Finance Learning Exchange Network event (TFLEx) at WeGo. The Communication team participated in the second annual Day of Play block party at the Creative Discovery Museum. Mr. Frazier was also a guest on WGOW with Jed & JR Mornings.

Under "Consent Agenda" Mr. de Nysschen stated that all members had received a copy of the May 21, 2026, Board packet containing the March 19, 2026, board meeting minutes, the May 14, 2026, executive committee meeting minutes, and the statistical report for review. Mr. de Nysschen asked if there were any questions, corrections, or comments on any items listed under consent agenda. There being none, a motion was made by Mr. Culp and seconded by Ms. Allen, followed by a vote to approve. The motion to approve the consent agenda items was unanimously approved.

Under "Action Items" Mr. de Nysschen asked Ms. Powell to present the procurement report. Ms. Powell advised that staff recommended that the Board approve the monthly procurement report. New procurements of over fifty thousand dollars (\$50,000.00) included an agreement with BJB Construction company for one hundred five thousand seventy-one dollars (\$105,071.00) for preconditioning improvements and wayside cooling at the Incline Railway, uniform rental and cleaning services for maintenance employees with Unifirst Uniform Services for a five year not to exceed three hundred fifty thousand dollar (\$350,000.00) agreement, a three-year not-to-exceed amount of three hundred thousand dollar (\$300,000.00) agreement with Exemplify LLC for website redesign services and a five-year agreement with Malden and Jenkins for a not-to-exceed amount of two hundred sixteen thousand dollars (\$216,500.00) for auditing services.

Mr. de Nysschen requested clarification on completion date for the Incline Railway cooling upgrades. Mr. Frazier advised that upon approval today, the work will start immediately with an anticipated completion date of June 30, 2026.

Ms. Powell requested approval for the use of the Request for Proposals (RFP) process for an upgrade to the Incline Railway Drive System.

Ms. Powell next requested approval for Sole Source Procurements that included the following: (i) yearly software maintenance services from trapeze in the amount of seventy-seven thousand two hundred dollars (\$77,200.00); (ii) permanent lights at the Incline Railway from Nooga Lights in the amount of thirty-eight thousand three hundred dollars (\$38,300.00); (iii) daycare transportation services with Chambliss Center for Children, not to exceed twelve thousand six hundred dollars (\$12,600.00) through the end of the current school year, and (iv) an extension of financial NetSuite implementation services with LBMC for a not to exceed amount of one hundred five thousand eight hundred forty dollars (\$105,840.00).

Mr. de Nysschen inquired about a permanent solution for Chambliss daycare transportation services. Mr. Frazier advised that due to the current contracted provider's cancellation an RFP was issued and a request was made to the Hamilton County government to include this item in their budget allocation to CARTA. Mr. Frazier further advised that a very robust discussion took place about this program during his recent budget presentation to County Commissioners. Mr. de Nysschen requested that a concrete sunset plan be developed for LBMC services. Mr. Frazier advised that no later than September 2026, leadership will provide details between getting the NetSuite core product implemented and operational versus recommended operational enhancements.

Lastly, Ms. Powell advised that CARTA has entered into an emergency agreement with Robert Half Recruiters, an employment agency, for seventy-eight dollars (\$78.00) per hour for the

provision of temporary professional services for an interim director of human resources due to the current human resources director resigning.

Mr. Evatt requested the website redesign mirror SACRT.com technology and accessibility. Mr. Frazier requested that Mr. Meredith contact the current CEO, Henry Lee, to request a meeting to discuss and that Mr. Evatt provides insight and input with the website redesign.

Mr. de Nysschen asked if there were any questions regarding the procurement report. There being none, a motion was made by Mr. Nye and seconded by Ms. Peterson followed by a vote to approve. The motion was unanimously approved.

Mr. de Nysschen called on Ms. Jones to present the April 2026 Financial Report. Ms. Jones reported that CARTA posted an operating loss of three hundred eighty-three thousand dollars (\$383,000.00) and a year-to-date loss of two hundred forty-six thousand dollars (\$246,000.00). The primary impacts included Fixed Route, Care-A-Van, and lagging parking costs from the management of new garages.

Ms. Jones further reported that the FY2026 budget still reflects previously budgeted revenue for both CARES Act funds and Incline Railway insurance proceeds that were recognized in 2025. This necessitated a budget amendment that was approved during the Executive Committee meeting held on May 14, 2026. The budget amendment will be posted and reflected before the 2026 year-end. Post budget amendment posting, CARTA's financials will more closely reflect the alignment of revenues and expenses for the full year, resulting in break-even financial performance.

Mr. de Nysschen advised that if CARTA continues the current trend without course corrections it will result in a significant financial deficit further illuminating the need for an operational reserve. Mr. Frazier advised that in February 2026, CARTA leadership began course corrections to address the financial shortfall. The largest impact was reducing overtime costs. Daily

overtime was addressed during the latest union negotiations. This, combined with small reductions in service and overall management/review of overtime, is resulting in a reduction in costs. Mr. Frazier advised that he will work with Ms. Jones on the development of an operational reserve.

Mr. de Nysschen asked if there were any additional comments or questions regarding the April 2026 financial report. There being none, a motion was made by Ms. Allen and seconded by Mr. Evatt followed by a vote to approve. The motion was unanimously approved.

Next Ms. Jones presented the First Bank Authorized Signature Proposal for CARTA and CPA. Ms. Jones advised that staff recommends that the Board approve adding the Chief Financial Officer, Melanie Jones, and the Chief of Staff, Scott Wilson, as authorized signers on the CARTA First Bank operating and capital accounts and Chattanooga Parking Authority's (CPA) operating account. Authorized signers will be able to authorize payments, make deposits, and have general account management capabilities.

Mr. de Nysschen asked if there were any comments or questions regarding the authorized signature proposal. There being none, a motion was made by Ms. Allen and seconded by Ms. Sanderfur followed by a vote to approve. The motion was unanimously approved.

Mr. de Nysschen requested Mr. Matthews provide a Consumer Protection and Parking Compliance Ordinance update. Mr. Matthews presented staff recommendations for licensing requirements for private parking operators participating in the Regulated Enforcement Program. Licensing requirements for private operators include a maximum hourly rate of three dollars (\$3.00), a maximum daily rate of eighteen dollars (\$18.00), and a one-hour minimum parking option. The maximum citation amount is not to exceed the daily rate plus twenty-five dollars (\$25.00). The maximum escalation fee is twenty dollars (\$20.00) after 30 days. The booting threshold is three (3) citations with balances more than sixty (60) days delinquent and photographic documentation of

vehicle condition before booting. The annual licensing fee is one thousand dollars (\$1,000.00) per lot garage. Participation in the regulated enforcement program is voluntary. Only licensed operators who choose to participate may utilize the enforcement tools authorized by the ordinance.

Mr. de Nysschen requested clarification on ownership of the Chattanooga Parking Network signage. Mr. Matthews advised that CPA will own the signage.

Mr. Matthews next presented the community support programs. Mr. Matthews advised that staff recommends the implementation of three (3) community support programs prior to the start of enforcement to promote voluntary compliance and provide equitable pathways for resolution. They are as follows: (i) an amnesty period from June 1, 2026, through September 30, 2026, that includes an incremental reduction of fines; (ii) a hardship program that provides assistance to individuals facing financial difficulty and includes a ninety percent (90%) balance reduction and twelve month (12) payment plan; and (iii) a Food for Fines program that will run June 1, 2026, through September 30, 2026, and includes a two dollar (\$2.00) credit for every dollar donated to the Chattanooga Food Bank. Mr. Matthews advised that the amnesty period, hardship program, and Food for Fines program were designed as independent options and may not be combined. Enforcement of parking violations will begin October 1st, 2026.

Ms. Peterson asked for clarification on how public notice will be provided. Mr. Frazier advised that a webpage containing FAQs will go live upon approval and letters providing options will be mailed beginning May 20, 2026.

Mr. de Nysschen asked if there were any additional comments or questions regarding Licensing and Community Support Program. There being none, a motion was made by Mr. Nye and seconded by Mr. Culp followed by a vote to approve. The motion was unanimously approved.

Under “Old Business” Mr. Frazier advised that he wanted to ensure that the board had been briefed on recent interactions between the Town of Lookout Mountain and CARTA as it relates to the Incline Railway. Mr. Frazier reviewed inaccuracies found in a recent Mountain Mirror publication titled Town Imposes ‘Incline Fee.’ Mr. Frazier stated that there is no sales tax collected or paid to the City of Chattanooga on Incline Railway tickets due to it being a public transit asset in addition to a tourist attraction. Mr. Frazier stated that in 1991, a request was approved by the state legislature allowing the Town of Lookout Mountain to collect a privilege tax at an amount equal to State sales tax on tickets sold at the Upper Station. The Town also receives sales tax on concessions sold at the Upper Station. The Town of Lookout Mountain is seeking to pass Ordinance 245 that includes a one dollar (\$1.00) per passenger tax for all tickets sold, late payment fees, and the tax increases three percent (3%) annually. This ordinance also limits the Incline Railway’s hours of operation and the number of passengers to five hundred (500) per day. The ordinance had the first reading on April 14, 2026, and the Town of Lookout Mountain has agreed to postpone the second required reading for thirty (30) days to allow a meeting with CARTA leadership.

Mr. Frazier further advised that the Town has passed Ordinance 243 that prohibits carnival rides, amusement rides, gondolas, and shuttles or buses between the mountain attractions.

Mr. de Nysschen requested clarification on the Incline Railway operating hours. Mr. Higgins advised they are currently 9:00 a.m. to 6:00 p.m. during the winter and 8:30 a.m. to 9:30 p.m. during the summer months. Mr. de Nysschen requested clarification on the number of Incline Railway passengers. Mr. Frazier advised that during high ridership peak months there are approximately one thousand six hundred (1,600) daily passengers. Mr. de Nysschen requested clarification on the fiscal impact of the ordinance restrictions on the Incline Railway’s operating capacity. Mr. Frazier advised that losing two thirds (2/3) of Incline Railway revenue will result in CARTA being unable to meet

operating costs. Mr. de Nysschen stated that the closure of the Incline Railway and the loss revenue would have negative impacts of CARTA's ability to provide transit service. In addition, the economic impact would affect the tourism industry. Mr. de Nysschen inquired about available options should a collaborative resolution not be reached. CARTA's legal counsel: Rachael Ruiz, Miller and Martin, advised that CARTA would need to file a lawsuit to injoin the enforcement of the Ordinance and challenge its validity.

Mr. de Nysschen requested that CARTA leadership develop an alternate 2027 budget proposal to include a three hundred thousand dollar (\$300,000.00) legal contingency line item and the fiscal impact of lost Incline Railway revenue. Mr. de Nysschen further requested leadership provide an analysis of services the loss revenue would impact. Mr. Frazier advised that leadership will also provide an analysis of the impact on grant funding awards that have been used for infrastructure due to the likelihood of a payback requirement.

Next, Mr. de Nysschen requested Mr. Meredith present the Customer Satisfaction Survey results. Mr. Meredith reported that the survey was conducted in February and March of 2026 by the Warner Transportation and Consulting Group and included riders across all major CARTA services; fixed route, Care-A-Van, CARTAGO, and the Incline Railway. More than one thousand five hundred (1,500) riders participated in the survey. Seventy-three percent (73%) to seventy-five (75%) percent of riders reported being overall satisfied with CARTA services. The Incline Railway received the highest ratings at approximately eighty-eight (88%) percent satisfaction rate. Riders identified affordability, driver professionalism, cleanliness, and convenience as CARTA's biggest strengths. Eighty percent (80%) of riders agreed that fares are reasonable, and most riders said CARTA meets their transportation needs.

Mr. Meredith further reported that when participants were asked what should be prioritized moving forward, they consistently identified keeping fares affordable, expanding weekend service, improving reliability, and enhancing bus stop infrastructure. Numerous respondents identified as frequent riders. Half reported having annual household incomes below twenty-five thousand dollars (\$25,000.00).

Mr. de Nysschen asked if there were any other business items that need to be addressed. There being none, a motion was made to adjourn.

**TO:** CARTA Board of Directors  
**FROM:** Daniel Dufour, CIO  
**DATE:** June 18, 2026  
**SUBJECT:** Statistical Report  
**TYPE:** Information on Statistical Report

**1. PURPOSE**

This memo is being presented to inform the board of important trends in ridership and performance data as it pertains to CARTA.

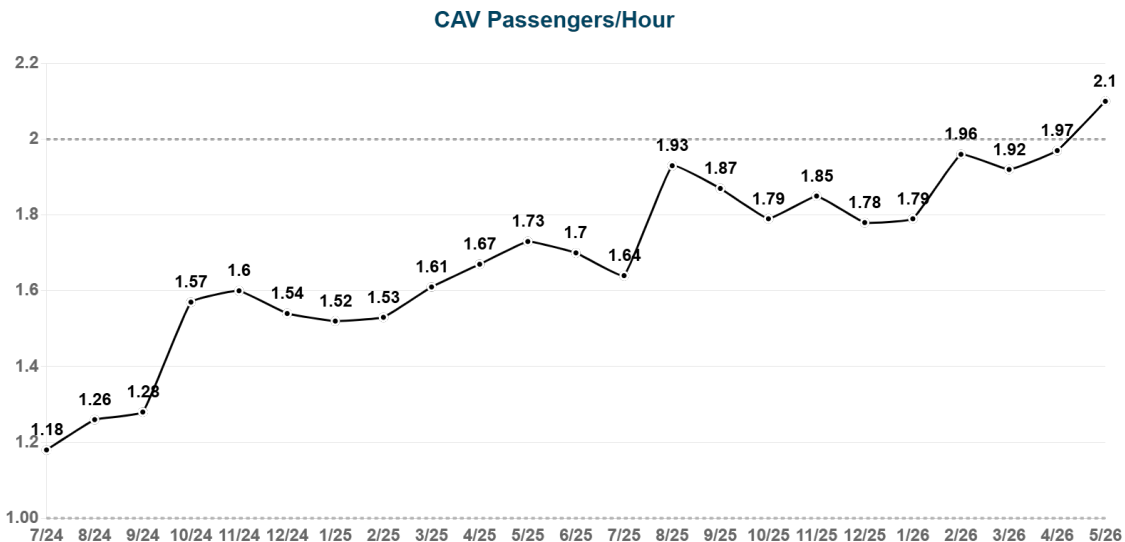
**2. BACKGROUND**

In preparation for every board of directors meeting, CARTA compiles data across its range of services on ridership and costs for the previous month.

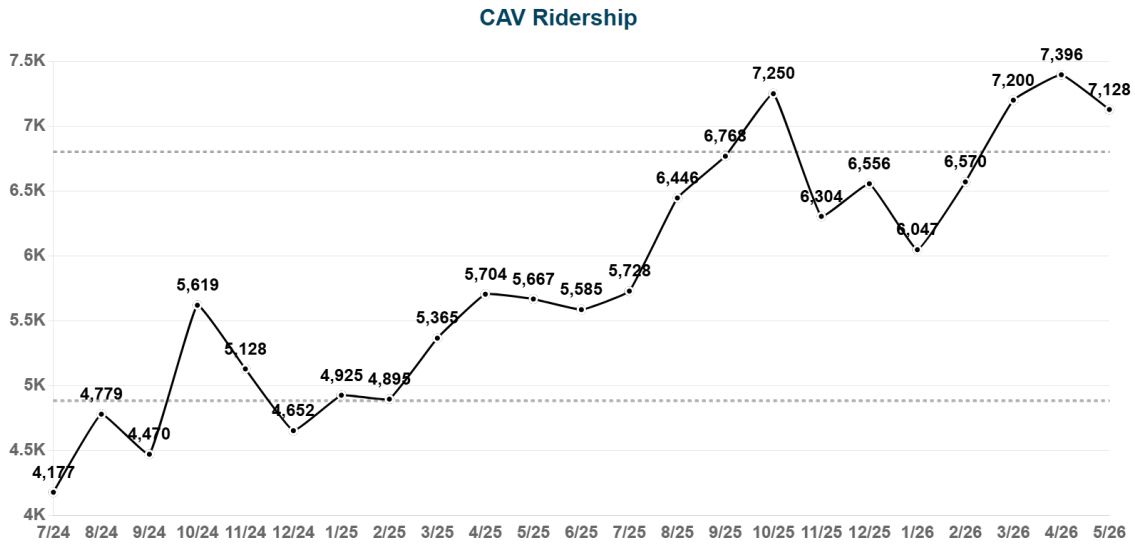
**3. ANALYSIS**

Reviewing the data, there are three main statistical takeaways for May 2026: (1) Care-a-Van (CAV) achieved its highest passengers per hour in its history, (2) CAV ridership continues to climb year-over-year, (3) system-wide ridership increased by 28% year-over-year supported by The Incline.

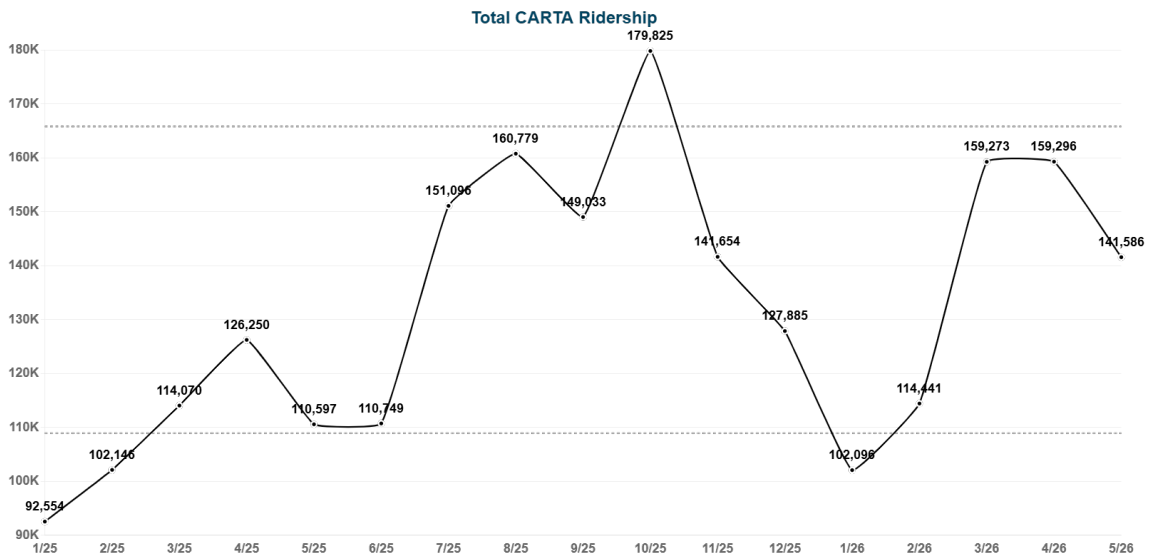
CAV continues to focus on efficiency. By operating efficiently, CAV serves more passengers per hour and more passengers overall. CAV served 2.10 passengers per hour in May 2026, which is a 21% increase compared to the same time last year.



CAV passengers per hour is calculated by dividing the number of passengers by revenue hours. CAV served a record 7,128 passengers in May 2026, which is the highest number of passengers served in the month of May in CAV history. This represents a year-over-year increase of 26% from 5,667 passengers in May of 2025.



Overall CARTA system-wide ridership increased by 30,989 from 110,597 in May 2025 to 141,586 in May 2026, representing a 28% year-over-year increase. The Incline contributed 41,578 to May ridership.



#### 4. FINANCIAL IMPACT

There is no financial impact associated with this item.

#### 5. PROCUREMENT OVERVIEW

This item does not involve procurement activity.

## **6. WHY IT MATTERS**

Strong management and effective practices have enabled CAV to serve more and more people.

## **7. BOARD ACTION**

Informational Item – No Board Action Required

## **ATTACHMENTS**

7B.1 - Statistical Report Ridership.xlsx

7B.2 - Statistical Report Ridership.pdf



**TO:** CARTA Board of Directors  
**FROM:** Annie Powell, Director of Grants & Procurement  
**DATE:** June 18, 2026  
**SUBJECT:** Updated 2027 Capital Budget  
**TYPE:** Action Item

**1. PURPOSE**

The purpose of this memorandum is to request Board approval of CARTA’s FY 2027 Capital Budget.

**2. BACKGROUND**

CARTA’s Board of Directors last approved the draft capital budget for FY 27 on March 19, 2026. Preliminary Board approval of the draft FY 27 budget in March allowed CARTA to request the local match and develop discretionary grant applications to other funding partners for these projects. Final Board approval of the FY 27 Capital Budget will occur on June 18, 2026.

**3. ANALYSIS**

The executive and management leadership teams submitted capital requests in December and have prioritized projects. The proposed Capital Budget for FY 27 has been developed for consideration by the Board of Directors.

**4. FINANCIAL IMPACT**

A Capital Budget has been developed, identifying funded capital projects for FY 27 of \$30,902,512 and unfunded capital projects in the amount of \$19,685,301. Updates from the draft capital budget presented in March include the addition of \$5.7 million allocated for a recently awarded Congestion Mitigation and Air Quality (CMAQ) grant for the purchase of replacement fixed route vehicles.

CARTA’s FY 26 Capital Budget included \$16,191,261 in funded projects and \$41,413,865 in unfunded projects.

**5. PROCUREMENT OVERVIEW**

This item does not involve procurement activity.

**6. WHY IT MATTERS**

Approval of this item will align with CARTA’s strategic imperatives of Financial Accountability and Transparency.

**7. BOARD ACTION**

Board Action Requested:

Approval of CARTA's 2027 Capital Budget.

**ATTACHMENTS**

CARTA's FY 2027 Capital Budget

2027  
Capital Budget

Item No.	Priority	Department	Project	Project Owner	FY 27 Allocated	FY 27 Remaining Needed	2027	Notes
1	2	Administration	Enterprise Resource Planning Software Expansion	Melanie Jones	100,000	-	100,000	
2	2	Administration	Facilities Work Truck	Brent Matthews	50,000	-	50,000	
3	2	Administration	Website Redesign Phase 2	Brandon Meredith	60,000	-	60,000	
4	4	Administration	Support Vehicles Replacement	Larnzell Harper	100,000	200,000	300,000	
5	2	Care-A-Van/CARTA GO	Generator	Brent Matthews	150,000	-	150,000	
6	1	Care-A-Van/CARTA GO	Radio Base Stations for Care-A-Van and Shuttle Park South	Larnzell Harper	100,000	-	100,000	
7	4	Care-A-Van/CARTA GO	Bi-Directional Radio Antenna	Daniel Dufour	30,000	-	30,000	
8	1	Care-A-Van/CARTA GO	Paratransit and CARTA Go Vehicle Replacement (26 Vehicles)	Billy Summerrow	3,167,158	252,842	3,420,000	
9	4	Care-A-Van/CARTA GO	Vehicles - Expansion	Doug Carlson	-	780,000	780,000	
10	3	Care-A-Van/CARTA GO	Replacement Radios	Daniel Dufour	-	100,000	100,000	
11	1	Facilities	HVAC Replacement at Board Building	Brent Matthews	400,000	-	400,000	
12	1	Facilities	Rear Steps Replacement - Board Building	Brent Matthews	105,000	-	105,000	
13	5	Facilities	Outdoor Work Space/Employee Canopy	Brent Matthews	10,000	-	10,000	
14	1	Facilities	Replace Security Cameras	Daniel Dufour	31,025	177,505	208,530	
15	1	Facilities	State of Good Repair	Brent Matthews	-	300,000	300,000	
16	1	Facilities	Architectural/Engineering Services	Brent Matthews	-	250,000	250,000	
17	1	Facilities	12th Street Interior Update	Brent Matthews	-	60,000	60,000	
18	1	Fixed Route	Driver Barriers	Mark Logan	500,000	-	500,000	
19	4	Fixed Route	Mobility Hubs	Doug Carlson	396,555	-	396,555	396,555 for design
20	1	Fixed Route	Automatic Passenger Counting Reporting Software & NTD Certification	Doug Carlson	198,000	-	198,000	
21	4	Fixed Route	Bus Shelters (50)	Doug Carlson	103,294	-	103,294	
22	2	Fixed Route	Operational Dashboard Software	Doug Carlson	85,000	-	85,000	
23	4	Fixed Route	Bus Signs (1,000)	Brent Matthews	75,000	-	75,000	
24	1	Fixed Route	Fare Technology Vault & Garage Updates	Melanie Jones	50,000	-	50,000	
25	1	Fixed Route	Handheld Radio Chargers for Supervisory Vehicles	Larnzell Harper	40,000	-	40,000	
26	1	Fixed Route	Laptop Mounts for Supervisory Vehicles	Larnzell Harper	2,500	-	2,500	
27	1	Fixed Route	Radio Console for Dispatch	Larnzell Harper	200,000	-	200,000	
28	1	Fixed Route	Vehicle Replacement	Billy Summerrow	15,549,722	-	15,549,722	
29	3	Fixed Route	Fare Technology Replacement	Melanie Jones	1,329,821	1,070,179	2,400,000	
30	4	Fixed Route	Bus Shelter Technology	Doug Carlson	122,725	854,775	977,500	
31	2	Fixed Route	Infrastructure for Electric Bus Transition	Brent Matthews	-	6,975,000	6,975,000	
32	4	Fixed Route	Real Estate - Downtown Transit Center	Doug Carlson	-	1,800,000	1,800,000	
33	1	Incline	Drum Gear Replacement	Matthew Higgins	300,000	-	300,000	
34	2	Incline	Drive Technology	Matthew Higgins	250,000	-	250,000	
35	1	Incline	Rail Replacement	Matthew Higgins	220,000	-	220,000	
36	1	Incline	Dry Pipe System	Matthew Higgins	200,000	-	200,000	
37	1	Incline	Track Replacement	Matthew Higgins	150,000	-	150,000	
39	4	Incline	Elevator - Replacement at the Upper Station	Matthew Higgins	100,000	-	100,000	
40	1	Incline	Stone Repair	Matthew Higgins	75,000	-	75,000	
41	1	Incline	Engineering Services	Matthew Higgins	40,000	-	40,000	
42	1	Incline	Floor Covering at the Upper Station	Matthew Higgins	-	200,000	200,000	
43	4	IT	Engineering Services	Daniel Dufour	100,000	-	100,000	
44	1	IT	AI-Ready Video Platform	Daniel Dufour	75,000	-	75,000	
45	1	IT	Switches, firewalls, miscellaneous hardware (5 Years)	Daniel Dufour	25,000	-	25,000	
46	4	IT	Standardized Tablets	Daniel Dufour	21,999	-	21,999	
47	1	IT	Vehicle Tracking System (Mesh Network)	Daniel Dufour	15,402	-	15,402	
48	1	IT	Rapid Response Cabinets (UPS batteries, mice, etc.)	Daniel Dufour	12,663	-	12,663	
49	4	IT	Cabling	Daniel Dufour	10,000	-	10,000	
50	1	IT	Computer Replacements	Daniel Dufour	10,000	10,000	20,000	
51	4	IT	Server and Storage Upgrade	Daniel Dufour	-	300,000	300,000	
52	4	Maintenance	Replacement Shelving for Store Room	Katrina Oliver	250,000	-	250,000	
53	2	Maintenance	Generators for Shop and Bus Barn	Brent Matthews	200,000	-	200,000	
54	4	Maintenance	Fleet Management Software Deployment	Billy Summerrow	119,536	-	119,536	
55	2	Maintenance	Fuel Management System	Billy Summerrow	24,570	-	24,570	
56	1	Maintenance	Maintenance Bus Vacuum	Brent Matthews	250,000	40,000	290,000	
57	4	Parking	Sealing at Shuttle Park North	Brent Matthews	370,000	-	370,000	
58	2	Parking	Garage Updates - Shuttle Park North (lighting and painting)	Brent Matthews	241,000	-	241,000	
59	2	Parking	Garage Updates - Shuttle Park South (lighting)	Brent Matthews	142,500	-	142,500	
60	2	Parking	Garage Updates - Shuttle Park North Shore (lighting)	Brent Matthews	30,000	-	30,000	
61	1	Parking	Enforcement Vehicle	Brent Matthews	-	40,000	40,000	
62	1	Planning	Transit-Oriented Development (TOD) Planning Project	Doug Carlson	787,500	-	787,500	
63	1	Planning	Preliminary Engineering for Mobility & Innovation Center	Doug Carlson	750,000	-	750,000	
64	4	Planning	Service Planning & Scheduling Support	Doug Carlson	300,000	-	300,000	
65	1	Planning	Incline Railway Site Master Plan Phase 2	Doug Carlson	200,000	-	200,000	
66	1	Planning	Shelter Specifications and Bid Package	Doug Carlson	150,000	-	150,000	
67	1	Planning	Transit Safety, Training, and Security	Mark Logan	105,292	-	105,292	assumes 5307 planning allocation for each year
68	1	Planning	Downtown Transit Center Site Selection & Programming	Doug Carlson	100,000	-	100,000	
69	4	Planning	Scheduling Software Replacement	Doug Carlson	51,000	-	51,000	
70	4	Planning	Misc. Services	Doug Carlson	50,000	-	50,000	
71	2	Planning	Rider Mobility App	Doug Carlson	15,000	-	15,000	
72	5	Planning	Wide Format Plotter/Printer	Doug Carlson	5,000	-	5,000	
73	1	Planning	Business Services	Annie Powell	40,000	10,000	50,000	5310 funds available for subrecipient monitoring
74	1	Planning	Transit Technology Support	Daniel Dufour	-	200,000	200,000	assumes 5307 planning allocation for each year
75	1	Planning	Transit Management Support	Doug Carlson	-	100,000	100,000	
76	5	Planning	Workforce Development	Jeanine McNulty	-	100,000	100,000	
77	1	Planning	Transit Facility Assessment & Design	Brent Matthews	-	75,000	75,000	
78	4	Planning	Vanpool Feasibility Analysis	Doug Carlson	-	50,000	50,000	
79	1	Planning	Design & Construction Services	Doug Carlson	-	50,000	50,000	
80	5	Planning	Transit Vehicles & Maintenance Support	Billy Summerrow	-	50,000	50,000	
81	1	Safety	Event Triggered Camera System	Mark Logan	450,000	-	450,000	
82	1	Safety	Emergency Evacuation Design Plan	Mark Logan	10,250	-	10,250	
83	4	Shuttle	Vehicle Expansion (3)	Doug Carlson	1,500,000	-	1,500,000	
84	1	Shuttle	Vehicle Replacement (14)	Billy Summerrow	-	5,600,000	5,600,000	
85	1	Shuttle	Shuttle Park North Passenger Amenities	Brent Matthews	-	20,000	20,000	
86	1	Shuttle	Shuttle Park South Passenger Amenities	Brent Matthews	-	20,000	20,000	
87	1	Training	Bus Simulator	Mark Logan	300,000	-	300,000	
			Total		30,902,512	19,685,301	50,587,813	

**TO:** CARTA Board of Directors  
**FROM:** Melanie Jones, CFO  
**DATE:** June 12, 2026  
**SUBJECT:** FY2027 Budget – Final Draft  
**TYPE:** **Approval Requested at 6/18/26 Meeting**

### **1. PURPOSE**

A final FY2027 Budget has been prepared for review and consideration by the Board of Directors in advance of final budget adoption scheduled for June 18, 2026.

On January 29, 2026, the Board approved the FY2027 Preliminary Operating Budget Framework, which presented multiple operating and financial scenarios for consideration. The framework established the foundation for development of the FY2027 operating budget and provided guidance regarding service levels, staffing assumptions, operational priorities, and long-term financial planning considerations.

The FY2027 Budget establishes CARTA’s anticipated operating revenues, expenditures, and funding sources for the upcoming fiscal year. In addition to serving as the Authority’s financial planning document, the budget is also used to communicate operational expectations and funding needs to Federal, State, and Local funding partners.

### **3. ANALYSIS**

The proposed budget incorporates operational efficiencies while continuing to address organizational staffing needs, service reliability, and overtime mitigation efforts. The budget also continues investment in support functions necessary to sustain organizational growth and operational performance.

This version of the budget continues to rely on external grant funding and strategic governmental partnerships. Staff believe this approach best balances long-term organizational sustainability with CARTA’s responsibility to support mobility, economic development, and community access throughout the region.

The FY2027 Budget also includes the following proposed fare and parking rate adjustments:

## **TRANSIT**

### **A. FIXED ROUTE – no change**

### **B. CARE-A-VAN – no change**

### **C. CARTA GO**

- One-way fare \$3.00
  - \$0.25 discount for customers using Token Transit or City Mapper payment platforms
- Elimination of fixed route 31-day, 7-day, and 24-hour pass products for use on CARTA GO
- Title VI Analysis – This change does not meet the threshold of Disparate Impact & Disproportionate Burden

*(New Pilot) CARTA Go 31-Day Pass - \$80 (includes fare-free access on fixed route)*

- *Reduced fare for Special Fare ID card holders set at \$40*

*(New Pilot) CARTA Go 7-Day Pass - \$30 (Include fare-free access on fixed route)*

- *Reduced fare for Special Fare ID card holders set at \$15*

*(New Pilot) CARTA Go 24-Hour Pass - \$10 (Include fare-free access on fixed route)*

- *Reduced fare for Special Fare ID card holders set at \$5*

*(New Pilot) Reduced fare for Special Fare ID card holders set at \$1.50 per trip*

### **D. Incline Railway**

- Adult round-trip fare \$29.99 / Off season discount rate \$22.00
- Youth round-trip fare \$15.99 / Off season discount rate \$10
- Recovery of booking and credit card processing fees through convenience fee pass-throughs
- Title VI Analysis - This change does not meet the threshold of Disparate Impact & Disproportionate Burden

*(New) Two adult and two youth passes available for free check out at all five public Chattanooga public library locations*

*(New) No convenience fee for cash payments made at top or bottom station*

## **PARKING**

## **E. On-Street Parking**

- Zones 1-4 hourly parking \$2.00\*

\*Note: For privately owned public parking properties that participate in the parking enforcement program, this sets the maximum hourly rate at \$3.00 (2.00 \* 150%).

## **F. Lot & Garage Hourly Rate Adjustments by Property**

### **1) Renaissance Park Lot**

- 0-30 minute - \$1.50
- 30 minute-1 hour - \$3.00
- 1-2-hour - \$6.00
- 2-3-hour - \$9.00
- Over 3-hour - \$11.00

### **2) Riverfront Lot**

- 0-1 hour - \$3.00
- 1-2 hour - \$6.00
- 2-3-hour rate - \$9.00
- Over 3 hour - \$11.00

### **3) Northshore Garage**

- 0-1 hour - \$3.00
- 1-2 hour - \$6.00
- 2-3 hour - \$9.00
- Over 3 hour - \$11.00

### **4) CARTA South**

- Over 4 hour - \$12.00

## **G. Log & Garage Monthly Rate Adjustments**

- CARTA South monthly rate - \$60.00
- CARTA South hospitality monthly rate - \$40.00
- CARTA North monthly rate - \$75.00
- CARTA North hospitality monthly rate - \$45.00
- Northshore Garage monthly rate - \$40.00
- Renaissance Lot monthly rate - \$40.00
- Riverfront Lot monthly rate - \$40.00
- Coolidge Park Lot monthly rate - \$40.00

#### **4. FINANCIAL IMPACT**

The total proposed FY2027 Budget is approximately \$34.1 million. Funding sources include Federal, State, and Local operating and capital assistance, passenger revenues, parking revenues, and other operational income sources necessary to support CARTA operations and strategic initiatives.

In addition to absorbing a 9% increase in health insurance costs, the proposed budget maintains current employer pension contributions, includes the addition of three (3) positions (IT Systems Administrator, IT Data Engineer, Quality Engineer), and allows for up to a 3% wage increase for eligible employees.

The proposed budget does not include increased span or frequency for fixed route, CARTA Go, or shuttle services, but does anticipate a reduction of service in CARE-A-VAN as the City of Red Bank exits the service beginning in January 2027.

The proposed budget also incorporates anticipated legal expenses associated with protecting CARTA's operational and financial interests related to the Incline Railway. In addition, the proposed financial structure establishes the foundation for creation of the first operating reserve fund in CARTA history, which is intended to strengthen long-term financial stability and organizational resilience.

Additional financial details and supporting budget schedules are included in the attached FY2027 Budget document.

#### **5. PROCUREMENT OVERVIEW**

This item does not involve procurement activity.

Any future procurements, contracts, amendments, or expenditures associated with the approved budget will be conducted in accordance with applicable CARTA procurement policies and Federal requirements.

#### **6. WHY IT MATTERS**

Approval of this item will allow CARTA to continue preparation and refinement of the Final FY2027 Budget prior to formal adoption by the Board.

Approval of the FY2027 Budget will support continued service reliability, operational sustainability, staffing stabilization, and long-term financial planning. The proposed budget also positions CARTA to continue advancing community

mobility, economic development partnerships, and strategic transportation initiatives throughout the Chattanooga region.

## **7. BOARD ACTION**

Staff recommends approval of the FY2027 Budget

## **ATTACHMENTS**

- FY2027 Operating Budget
- CARTA Go Title VI Analysis
- Incline Railway Title VI Analysis

**DRAFT Budget for the Year Ended June 30, 2027 with Comparative Prior Year Information**  
**Updated DRAFT 2027 Budget Income Statement**

	<u>2026 Budget</u>	<u>2027 Budget</u>		
1 Passenger Revenue	\$ 7,518,993	\$ 6,758,777	A	More conservative budgeting, based on current run rates. Incline includes peak pricing during high demand periods, and recovery of processing fees.
2 Advertising Revenue	158,000	100,000		More conservative budgeting than prior year
3 Concessions Revenue	312,436	-		N/A with new agreement
4 Parking Revenue	7,338,352	7,724,450	B	Addition of new garages; \$2 on street
5 Rent Revenue	103,362	103,137		
6 Federal Revenue	4,503,991	5,368,684	C	Maximize PM; ADA
7 FTA Grant 5307		2,500,000		5307 operating funding
8 CARES ACT/CRRSAA/ARPA	974,765	-		Budget amendment for 2026
9 State Revenue	3,359,296	2,720,068	C	
10 Local Operating Revenue	7,861,000	8,786,100	C	Includes additional \$750,000 from City & HC at \$200k
11 Incline Insurance Proceeds	2,466,442	-		Budget amendment for 2026
12 Other Operating Revenue	209,680	19,584		
13 Total Revenue	<u>34,806,317</u>	<u>34,080,800</u>		
14 Salary and Wages	15,910,586	15,367,763		
15 Add Open positions w/ bene(15 FT, 18 PT)		1,833,000		Add Open positions w/ bene(15 FT, 18 PT)
16 Add single point of failure staff support		339,960	D	Add single point of failure staff support (see SPOF)
17 Raises (3% ann; 1/2 year impact)		230,516		Raises (3% annual; 1/2 year impact)
18 Lag time/delays in filling positions/vacancies		(1,800,000)		
19 Subtotal	<u>15,910,586</u>	<u>15,971,240</u>	E	
20 FICA Taxes	1,217,160	1,197,843		
21 Pension	3,023,011	2,715,111		
22 Medical Insurance	3,174,162	2,715,111		
23 Other Employee Benefits	334,122	335,396		
24 Subtotal	<u>7,748,455</u>	<u>6,963,461</u>	E	
25 Mgmt Fee Parking Garage	493,776	678,318		Additional garages added
26 Tariffs & Schedules	25,795	34,949		
27 Adv Exp Other Publications	155,150	155,150		
28 Professional Services	1,091,667	800,000	F	More conservative budgeting; focus on capital
29 Pro. Services -Legal	210,124	516,428		Includes \$300k in Legal Fees for Lookout Mountain
30 Pro. Services-Audit	37,080	38,192		
31 Pro. Services-Temp Help	127,592	150,000		
32 Pro. Services-Contract Maintenance	32,092	50,000		
33 Pro. Services-Custodial	130,890	130,890		
34 Pro. Services-Security	69,574	71,661		
35 Discounts	(85)	(85)		
36 Parking Expenses - Meters	1,948,838	1,877,892		
37 Professional and other services	<u>4,322,493</u>	<u>4,503,395</u>		
38 Fuel, Tires and Tubes	1,535,905	1,427,028		More conservative budgeting; increased from current run rate
39 Postage Meter & Supplies	11,565	13,000		
40 Shop & Garage Maint M&S	1,825,944	1,700,000		More conservative budgeting; increased from current run rate
41 Material & Office Supplies	149,656	175,000		
42 Safety, Licensing, & Compliance	127,817	127,817		
43 Fuel, tires, and supplies	<u>3,650,887</u>	<u>3,442,845</u>		
44 Propulsion Power	14,509	14,944		
45 Utilities	571,285	571,285		
46 Communications	198,683	198,683		
47 Charging Station Power	32,422	33,395		
48 Utilities and communications	<u>816,899</u>	<u>818,307</u>		
49 Insurance	526,349	542,139		
50 Workers Comp Insurance	612,936	631,324		
51 Property and casualty and workers comp insurance	<u>1,139,285</u>	<u>1,173,464</u>		
52 Other Taxes	60,245	60,245		
53 Other	<u>60,245</u>	<u>60,245</u>		
54 Purchase Transportation E&H	67,537	67,537		
55 Subtotal	<u>67,537</u>	<u>67,537</u>		
56 Dues and Subscriptions	77,841	77,841		
57 Travel	52,343	52,343		
58 Training	53,972	53,972		
59 Bank and Credit Card Fees	408,777	110,000		Budgeting consistent with run rate
60 Meetings	86,954	86,954		
61 Software Maintenance	229,000	300,000		Increased software
62 Fines, Penalties, Late Fees	1,279	1,279		
63 Other Expenses Directors Fees	5,400	5,400		
64 Community Outreach	30,000	30,000		
65 Employee Relations/Promotional	125,000	125,000		
66 Credit Card Fees/Dues/Sub/Other	<u>1,070,566</u>	<u>842,789</u>		
67 Rent Expense	19,364	18,800		
68 Operational Reserve Expense/Inception		<b>218,718</b>		<b>** Note: Beginning of an Operational Reserve</b>
69 Total Expenses	<u>34,806,317</u>	<u>34,080,800</u>		
70 Net operating income/(loss) before depreciation	<u>0</u>	<u>0</u>		<b>Break-even Budget</b>

33,862,082  
218,718

# Introduction

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Title VI of the Civil Rights Act of 1964 provides that no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Executive Order (EO) 12898 “Federal Actions to Address Environmental Justice in Minority Populations and Low-income Populations” directs Federal agencies to achieve “environmental justice...by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority populations and low-income populations.”

The Federal Transit Administration (FTA) provides guidance to recipients of federal funding to incorporate both Title VI and Environmental Justice (EJ) into their public transportation decision-making. FTA requires recipients to evaluate service, fare changes, and proposed improvements at the planning and programming stages, in order to determine whether those changes have a discriminatory effect through disparate impact or disproportionate burdens to minority and/or low-income populations, respectively.

This analysis was conducted in compliance with Federal Transit Administration (FTA) Circular 4702.1B, which requires any FTA recipient serving a population of 200,000 or greater to evaluate any fare change and any major service change at the planning and programming stages to determine whether those changes have a discriminatory impact. This document is an analysis of CARTA’s proposed fare changes for CARTA GO service.

# Proposed Fare Change

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CARTA is proposing an increase in fares on CARTA GO as well as discontinuing the use of 24-hour, 7 day, and monthly passes for CARTA GO users.

# Title VI Definitions and Policies

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## Minority Population

According to FTA Circular 4702.1B, a minority person is defined as an individual identifying as:

- American Indian and Alaska Native, Asian, Black or African American, Hispanic or Latino, and Native Hawaiian or Other Pacific Islander.

Minority populations are defined by FTA as any readily identifiable group of minority persons who live in geographic proximity, or who may be geographically dispersed, but who may be similarly affected by a proposed action.

## Low-Income Population

According to the FTA circular, low-income is a person whose median household income is at or below the U.S. Department of Health and Human Services poverty guidelines or within a locally developed income threshold that is at least as inclusive as these guidelines. For these policies, persons with household incomes below 150 percent of the federal poverty level for a regionally average household size are determined to be low income.

Low-income population is defined by FTA as any readily identifiable group of low-income persons who live in geographic proximity or who may be geographically dispersed, but who may be similarly affected by a proposed action.

## FTA Policies

The following analysis has been completed as required by the Federal Transit Administration (FTA) Circular 4702.1B, "Title VI Requirements and Guidelines for Federal Transit Administration Recipients" which became effective October 1, 2012:

- Major Service/Fare Change Policy
- Disparate Impact Policy, and
- Disproportionate Burden Policy

The Circular requires any FTA recipient that operates 50 or more fixed route vehicles in peak service and serving a population of 200,000 persons or greater to evaluate any fare change and any major service change at the planning and programming stages to determine whether those changes have a discriminatory impact.

### **Disparate Impact and Disproportionate Burden Policy**

The FTA circular identifies disparate impacts as a "facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where the recipient's policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin."

These disparate impact policies establish thresholds for determining when impacts of major service and fare changes by each respective agency disproportionately affect minority populations. The thresholds apply to the difference in impacts of the proposed fare change between minority populations and non-minority populations, measured by analyzing ridership surveys as to whether minority riders are more likely to use each mode of service, payment type, or payment media that would be subject to the fare change.

For Fare Equity Analyses, a threshold of 10 percent is used by similarly sized agencies to determine if the effects of a proposed fare change are borne disproportionately by minority populations.

## Disproportionate Burden Policy for Fare Changes

Disproportionate burden addresses potential impacts to low-income populations. The FTA circular defines disproportionate burden as “a neutral policy or practice that disproportionately affects low-income population’s more than non-low-income populations.”

These disproportionate burden policies establish thresholds for determining when impacts of major service and fare changes by each respective agency disproportionately affect low-income populations. The thresholds apply to the difference in impacts of the proposed fare change on low-income populations compared to the impacts on other populations. This is measured by analyzing ridership surveys as to whether the low-income riders are more likely to use each mode of service, payment type, or payment media that would be subject to the fare change.

For Fare Equity Analyses, a threshold of 10 percent is used by similarly sized agencies to determine if the effects of a proposed fare change are borne disproportionately by low-income populations.

## Analysis

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CARTA GO is a premium, microtransit/shared ride service operated by CARTA that operates within the Cromwell, East Brainerd, Eastdale, North Brainerd, and provides key connections to CARTA Route 4. CARTA GO provides door-to-door trips within the identified zone boundaries from 5am-8pm, Monday-Saturday. CARTA GO is provided in addition to paratransit service, which also provides on demand, door-to-door service for passengers unable to ride the fixed route bus for medical reasons. CARTA GO provides about 4,300 one-way trips per month.

One-way fares for CARTA GO are currently \$2.00, incrementally higher than fixed route service. While this fare policy provides a benefit for passengers, it could potentially disincentivize trips that could be made within the zone using Route 4 because CARTA GO it is a premium service. To that end, excessive demand for CARTA GO service has hindered its ability to operate as a premium service.

The May 2026 CARTA Fare Policy Analysis proposes a 50% increase on all regular fare types, a 100% increase on Special ID fares and eliminating the use of fare passes consistent with its status as a premium service.

Table 1 provides a summary of existing fares and proposed changes.

**Table 1. Proposed Fare Changes**

Fare Type	Existing Cost	Proposed Cost	Absolute Change (+/-)	Percentage Change (+/-)
CARTA GO (microtransit)				
Adult	\$2.00	\$3.00	\$1.00	50%
Senior Citizens*	\$2.00	\$3.00	\$1.00	50%
Persons with Disability*	\$2.00	\$3.00	\$1.00	50%
Students	\$2.00	\$3.00	\$1.00	50%
Child (5 & under with adult)	\$0.00	\$0.00	\$0.00	0%
Veterans	\$0.00	\$0.00	\$0.00	0%
24 Hour Unlimited Ride Pass	\$4.00	Discontinue use	NA	NA
7 Day Unlimited Ride Pass	\$15.00	Discontinue use	NA	NA
Reduced 7 Day Unlimited Ride Pass	\$7.50	Discontinue use	NA	NA
31 Day Unlimited Ride Pass	\$50.00	Discontinue use	NA	NA
Reduced 31 Day Unlimited Ride Pass	\$25.00	Discontinue use	NA	NA
Special ID Fare Pass Single Ride	\$0.75	\$1.50	\$0.75	100%
Special ID Fare Pass 24 hour Unlimited Ride	\$2.00	Discontinue use	NA	NA

\*Qualifies for Special ID Fare Pass

## Disparate Impact and Burden Analysis

FTA's policy states that a disparate impact occurs when impacts of proposed fare changes by each respective agency disproportionately impact minority and/or low-income populations. The thresholds apply to the difference in the impacts of each proposed fare change on minority and low-income populations compared to the impacts on non-minority populations. This is measured by analyzing whether racial minority and low-income populations are greater in the service areas that would be subject to the fare change than in unaffected service areas.

Data from the 2024 American Community Survey (ACS) was used to assist with the fare equity analysis. This survey provides demographic information for a statistically significant representation of communities.

To perform the analysis, the demographic attributes of the services affected by the proposed fare changes were compared to the demographic attributes of the unaffected services, which in this case is CARTA's fixed route service. The fixed route service areas is defined as locations within one-half mile of a fixed route. Table 2 compares the percentage of minority populations in each impacted service area to the percentage of minority populations in CARTA's fixed-route service area, while Table 3 compares the percentage of low-income populations in each impacted service area to the percentage of low-income populations in CARTA's fixed-route service area.

CARTA's fixed route service area population is 46% racial minority and 31% low income. This is higher than Hamilton County as a whole, which is 28% minority population and 19% low income. Similarly, CARTA's fixed route service area is higher than Chattanooga as a whole, which is 40% minority and 26% low income.

The CARTA GO zone has 7% more racial minority population, which is within the 10% threshold. The CARTA Go zone has 6% less of a low-income population than CARTA's fixed route service area.

**Table 2. Analysis of Minority Population Impacts**

<b>Service Area</b>	<b>All</b>	<b>Minority</b>	<b>% Minority</b>	<b>Difference (% points)</b>	<b>Dis-proportionate impact?</b>
CARTA GO	41,560	22,120	53%	7%	No
Hamilton County	376,190	103,370	28%	-19%	No
All CARTA Routes	102,300	47,040	46%	--	--

**Table 3. Analysis of Low-Income Population Impacts**

<b>Service Area</b>	<b>All</b>	<b>Low - Income</b>	<b>% Low-Income</b>	<b>Difference (% points)</b>	<b>Dis-proportionate Impact?</b>
CARTA GO	41,560	10,300	25%	-6%	No
Hamilton County	376,190	72,200	19%	-12%	No
All CARTA Routes	102,300	31,900	31%	--	--

## Conclusions

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CARTA's recent analysis of fare policy recommends that CARTA GO be appropriately priced as a premium service. This memo documents an analysis of potential impacts to minority and low-income populations in accordance with Title VI of the Civil Rights Act of 1964 and FTA Circular 4702.1B as a result of fare increases for CARTA GO microtransit services.

The analysis finds that the affected services do not significantly impact minority and low-income populations compared to minority and low-income populations in CARTA's overall fixed route service area and Hamilton County as a whole. CARTA GO has a service area minority population that is 7% greater than the fixed route service area minority population, which is within the 10% threshold for determining disproportionate impact. This threshold is consistent with thresholds used by other transit systems nationally. By this standard, the proposed fare increases do not have a disproportionate impact on minority or low-income populations.

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## Proposed Fare Change

---

CARTA is proposing an increase in fares on the Incline Railway during peak tourism periods and restructuring how transaction costs are covered.

## Title VI Definitions and Policies

---

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For Fare Equity Analyses, a threshold of 10 percent is used by similarly sized agencies to determine if the effects of a proposed fare change are borne disproportionately by low-income populations.

## Analysis

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### Description of Changes

The Incline Railway is a one-mile railway with grades as steep as 72%. It connects to CARTA’s fixed route service via Route 15 – St. Elmo/Incline Shuttle and is primarily a tourist attraction. In 2025, the most recent data available, Chattanooga residents accounted for less than 4% of ticket sales. The Incline Railway currently serves over 400,000 riders annually and operates near capacity during peak periods.

The proposed fare adjustment is to better align pricing with demand patterns and improve the financial performance of a high-demand asset. The Incline Railway regularly experiences sellout conditions during peak-tourism periods including spring break, summer, fall foliage season, and holidays. During these periods, demand exceeds the system’s fixed operating capacity. By implementing peak pricing during these periods, CARTA can better manage demand and capture the market value of trips that otherwise sell out at current fare levels.

Revenue generated through these pricing adjustments will help support CARTA’s overall transit system. Adjusting fares during peak tourism periods allows CARTA to leverage strong visitor demand while reinvesting tourism-generated revenue into the broader transit system, benefitting CARTA passengers. The operating cost per hour for the Incline Railway has increased roughly 25% since 2022. A minor fare increase of \$2, a 4% increase, occurred in 2024, but was not commensurate with ongoing operational cost increases.

CARTA proposes introducing peak pricing during defined high-demand periods, including spring break, summer (Memorial Day weekend through Labor Day weekend), the month of October, and holiday evenings from 5:00 PM to 10:00 PM between November 15 and December 31. During these periods, the adult fare would increase from \$22.00 to \$29.99, and the child fare would increase from \$10.00 to \$19.99. Outside of these periods, standard pricing would remain

in effect. This increase will help cover increases in Incline Railway maintenance and operational costs during the peak periods, as well as further subsidize the larger transit system.

To maintain access for Chattanooga residents who do use the Incline Railway as transportation, CARTA will provide free or subsidized tickets to local residents in need by partnering with community organizations, including Chattanooga Public Library & City of Chattanooga Recreation Centers, and the City of Chattanooga, to distribute passes where appropriate, and ensure annual passes used for transportation purposes are not subject to additional fees or price increases.

In addition to the seasonal pricing adjustments, CARTA proposes to restructure ticket processing fees. Currently, CARTA absorbs a 6% processing and web transaction fee associated with ticket purchases. Under the proposed change, this fee will be replaced with a 9.25% convenience fee that will be paid by the customer at the time of purchase. Approximately 5% of the fee incurred will be paid to a third party for processing, while the remaining 4.25% will be kept by CARTA as revenue.

Table 1 provides a summary of existing fares and proposed changes.

Table 1. Proposed Fare Changes

Fare Type	Existing Cost	Proposed Cost	Absolute Change (+/-)	Percentage Change (+/-)
Incline Railway				
Adult	\$22.00	\$22.94	\$0.93	4.25%
Child (3-12)	\$10.00	\$10.43	\$0.43	4.25%
Adult – Peak Dates	\$22.00	\$31.26	\$9.26	42.11%
Child (3-12) – Peak Dates	\$10.00	\$20.84	\$10.84	108.40%

## Disparate Impact and Burden Analysis

FTA’s policy states that a disparate impact occurs when impacts of proposed fare changes by each respective agency disproportionately impact minority and/or low-income populations. The thresholds apply to the difference in the impacts of each proposed fare change on minority and low-income populations compared to the impacts on non-minority populations. This is measured by analyzing whether racial minority and low-income populations are greater in the service areas that would be subject to the fare change than in unaffected service areas.

Data from the 2023 American Community Survey (ACS) was used to assist with the fare equity analysis. This survey provides demographic information for a statistically significant representation of communities.

To perform the analysis, the demographic attributes of the populations affected by the proposed fare changes were compared to the demographic attributes of CARTA’s fixed route service area as a whole. The service areas are defined as locations within one-half mile of services. Table 2 compares the percentage of minority populations in each service area to the percentage of minority populations in CARTA’s fixed-route service area, while Table 3 compares the percentage of low-income populations in each service area to the percentage of low-income populations in CARTA’s fixed-route service area.

CARTA’s fixed route service area population is 50% racial minority and 32% low income. In contrast, the Incline Railway service area is 33% racial minority and 25% low-income population—17% and 7% lower, respectively, than the same populations for CARTA’s service area as a whole.

**Table 2. Analysis of Minority Population Impacts**

Service Area	All	Minority	% Minority	Difference	Dis-proportionate impact?
Incline Railway	1,890	630	33%	-17%	No
All CARTA Routes	101,200	50,970	50%	--	

**Table 3. Analysis of Low-Income Population Impacts**

Service Area	All	Low - Income	% Low-Income	Difference	Dis-proportionate Impact?
Incline Railway	1,890	470	25%	-7%	No
All CARTA Routes	101,200	32,540	32%	--	

## Conclusions

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The analysis finds that the Incline Railway service impacts a lower percentage of minority and low-income populations compared to minority and low-income populations in CARTA's overall fixed route service area. By this standard, the proposed fare increases do not have a disproportionate impact on minority or low-income populations.

**TO:** CARTA Board of Directors  
**FROM:** Melanie Jones, CFO  
**DATE:** June 18, 2026  
**SUBJECT:** May 2026 Financials  
**TYPE:** **Approval of May 2026 Financial Report**

### **1. PURPOSE**

The May 2026 Financial Report has been prepared for review and approval by the Board.

### **2. BACKGROUND**

Each month, CARTA prepares financial performance reporting for the prior month's operational financial performance. This performance is prepared for each operating division and reflects prior month's activity. It also reflects the comparison of performance against the budget on a monthly and year-to-date basis.

### **3. ANALYSIS**

In total, revenues exceeded expenses in May, with positive contributions from the Incline, Parking, and Fixed Route for the month. In our year-to-date activities, we are only slightly behind in our actual year-to-date performance with the largest impacts from Care-A-Van and Fixed Route. The Incline initially re-opened later than expected, and, separately, a budget amendment (discussed below) has not yet been reflected, but will be included in our year-end reporting.

### **4. FINANCIAL IMPACT**

The financial impact is reflected on a monthly and year-to-date basis.

Funding sources include Federal, State, and Local grants, both operating and capital, as well as passenger and parking revenues.

For the month of May 2026, CARTA posted an operating profit of of \$104k, and a year-to-date loss of (\$142k), an improvement in the year-to-date performance from last month of (\$246k). The primary areas impacting the results included strong performance of the Incline and positive Fixed Route performance. We still expect a break-even performance for the year, consistent with our run-rate, which we consistently track and monitor.

The 2026 budget reporting still reflects revenue budgeted in both CARES and Incline insurance proceeds (which were recognized in FY2025). A budget amendment to address this prior issue was approved in the May 14 Executive session. The budget amendment will be reflected in our year-end reporting. Once posted, the financials will more closely reflect the alignment of our revenues and expenses for the full year, resulting in break-even financial performance.

## **5. PROCUREMENT OVERVIEW**

Consideration for all items involving contracts, expenditures, amendments, or cooperative purchasing will be addressed in compliance with the existing policies.

## **6. WHY IT MATTERS**

Financial responsibility

## **7. BOARD ACTION**

Board Action Requested:

Staff recommends that the Board approve CARTA's financial report for the month ended April 30, 2026, and the fiscal year-to-date period then ended.



**Chatanooga Area Regional Transportation Authority**  
**CARTA**  
**CARTA Board Income Statement by Department**  
**May 2026**

Financial Row	Actual (May 2026)	Budget (May 2026)	Variance	Actual YTD (Jun 2025 - May 2026)	Budget YTD (Jun 2025 - May 2026)	Variance YTD
<b>Transit</b>						
Revenue	\$1,526,545.14	\$1,444,956.50	\$81,588.64	\$17,581,970.19	\$15,894,521.48	\$1,687,448.71
Expenses	\$1,476,997.66	\$1,801,129.22	\$324,131.56	\$18,705,597.30	\$19,812,421.44	\$1,106,824.14
Transit Operating Income / Loss	\$49,547.48	(\$356,172.72)	\$405,720.20	(\$1,123,627.11)	(\$3,917,899.96)	\$2,794,272.85
<b>Shuttle &amp; Garage</b>						
Revenue	\$186,431.20	\$189,059.78	(\$2,628.58)	\$1,901,511.83	\$2,079,657.58	(\$178,145.75)
Expenses	\$150,053.59	\$262,199.12	\$112,145.53	\$2,002,059.78	\$2,884,190.22	\$882,130.44
Shuttle & Garage Operating Income / Loss	\$36,377.61	(\$73,139.34)	\$109,516.95	(\$100,547.95)	(\$804,532.64)	\$703,984.69
<b>Incline</b>						
Revenue	\$397,381.43	\$719,127.53	(\$321,746.10)	\$3,856,046.80	\$7,910,402.83	(\$4,054,356.03)
Expenses	\$216,582.88	\$245,283.08	\$28,700.20	\$2,704,632.83	\$2,698,113.88	(\$6,518.95)
Incline Operating Income / Loss	\$180,798.55	\$473,844.45	(\$293,045.90)	\$1,151,413.97	\$5,212,288.95	(\$4,060,874.98)
<b>Care A Van</b>						
Revenue	\$37,860.26	\$112,652.03	(\$74,791.77)	\$1,202,865.18	\$1,239,172.33	(\$36,307.15)
Expense	\$347,296.75	\$363,462.94	\$16,166.19	\$3,853,447.21	\$3,998,092.34	\$144,645.13
Care A Van Operating Income / Loss	(\$309,436.49)	(\$250,810.91)	(\$58,625.58)	(\$2,650,582.03)	(\$2,758,920.01)	\$108,337.98
<b>On Street Parking</b>						
Revenue	\$422,324.38	\$434,730.50	(\$12,406.12)	\$5,218,924.05	\$4,782,035.50	\$436,888.55
Expense	\$275,774.14	\$228,459.08	(\$47,315.06)	\$2,637,624.98	\$2,513,049.88	(\$124,575.10)
On Street Parking Operating Income / Loss	\$146,550.24	\$206,271.42	(\$59,721.18)	\$2,581,299.07	\$2,268,985.62	\$312,313.45
<b>CARTA Total</b>						
Total Revenue	\$2,570,542.41	\$2,900,526.34	(\$329,983.93)	\$29,761,318.05	\$31,905,789.72	(\$2,144,471.67)
Total Expenditures	\$2,466,705.02	\$2,900,533.44	\$433,828.42	\$29,903,362.10	\$31,905,867.76	\$2,002,505.66
Total Operating Income / Loss	\$103,837.39	(\$7,100)	\$103,844.49	(\$142,044.05)	(\$78,040)	(\$141,966.01)

**TO:** CARTA Board of Directors  
**FROM:** Annie Powell, Director of Procurement and Grants  
**DATE:** June 18, 2026  
**SUBJECT:** Procurement Report – June 2026  
**TYPE:** Action Item

### 1. PURPOSE

The purpose of this memorandum is to request Board approval for several procurement-related actions, including approval of new procurements exceeding \$50,000; approval to utilize the Request for Proposals (RFP) procurement method for certain services; and a report on sole source procurements.

### 2. BACKGROUND

On September 19, 2024, the CARTA Board of Directors formally adopted Resolution 606, which established guidelines governing the contracting authority of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). This resolution established a contract execution threshold of up to \$50,000 for the CEO and CFO. Any contracts exceeding \$50,000 require approval of the CARTA Board of Directors.

Additionally, recent audits recommended that the Board of Directors approve the use of the Request for Proposals (RFP) process when evaluation criteria other than price are required to determine the most advantageous proposal. The audits also recommended that staff report any sole source or emergency procurements that occur between Board meetings.

In response, CARTA staff incorporated these elements into this Procurement Report template to ensure transparency and consistent reporting to the Board of Directors.

### 3. ANALYSIS

- A. Board Approval of New Procurements over \$50,000
  - 1. Unarmed and Armed Security Guard Services
    - Requesting approval to enter into an agreement for five years for unarmed and armed security guard services
    - Recommended Provider: Walden Security
    - Procurement Method: Invitation for Bids
    - Number of Proposals Returned: 2
- B. Request for Proposals (RFP) procurement method for the following service:  
N/A
- C. Report on Sole Source Procurements
  - 1. Computer-Aided Dispatch/Automatic Vehicle Location (CAD/AVL) hardware and software maintenance renewal and database services for a one-year period with Clever Devices. This is for hardware maintenance for all on board Intelligent Transportation Systems (ITS) equipment and software maintenance for seven (7) software products that assist in real-time management of the fixed route and shuttle bus fleets. It also includes professional services to deploy and administer database updates for schedule changes up to 3 times per year.

#### D. Report on Emergency Procurements

##### 1. Incline Railway Temporary Services

- For the provision of up to five (5) temporary employees for the Incline Railway during the summer months (16 weeks) due to longer service hours with Personnel Staffing, Inc. and The Reinert Group. Historically, CARTA used Personnel Staffing, Inc. for the provision of temporary Incline employees but this year Personnel Staffing, Inc. was not able to provide a sufficient number of qualified employees. CARTA contacted The Reinert Group for assistance, and they were able to provide 4 out of the 5 temporary employees needed. CARTA will issue a Request for Proposals for Temporary Services within the next three months. Similar to the Recruiting Services contracts, CARTA intends to issue contracts to a pool of temporary services providers.

#### **4. FINANCIAL IMPACT**

The financial impact of this action is listed below.

##### A1. Unarmed and Armed Security Guard Services

- Upon approval, CARTA will enter into an agreement with Walden Security for a not to exceed amount of \$495,000 over a five-year period.

##### C1. CAD/AVL Hardware and Software Maintenance Renewal and Database Services

- The total cost is \$195,628 for hardware and software warranty as well as annual database maintenance.

##### D1. Incline Railway Temporary Services

- CARTA has issued purchase orders for both Personnel Staffing Inc. and The Reinert Group in order to fully staff the Incline Railway during the summer months. Personnel Staffing Inc. was for a not to exceed amount of \$15,500, and The Reinert Group was for a not to exceed amount of \$80,000.

#### **5. PROCUREMENT OVERVIEW**

##### A1. Unarmed and Armed Security Guard Services

- On May 19, 2026, CARTA released a formal Invitation for Bids for Unarmed and Armed Security Guard Services. CARTA advertised its procurement in the Chattanooga Times-Free Press, included a link to the IFB on CARTA's website, and sent the IFB to three interested bidders. Walden Security was the lowest responsible bidder.

##### C1. CAD/AVL Hardware and Software Maintenance Renewal and Database Services

- Clever Devices currently provide CARTA with its ITS hardware and software. The items for hardware and software maintenance and database renewal are similar in price to previous years (last year's costs were \$214,109.29) and will be required for continued support of the system. CARTA requires purchase of these items through a sole source procurement as Clever Devices and its associated systems are CARTA's current ITS system. To deploy a new system would most likely be more expensive than the renewal fees for the year. CARTA is investigating alternatives through its Innovation and Technology department.

**6. WHY IT MATTERS**

Approval of this item will ensure CARTA maintains compliance with its procurement policies, audit recommendations, and Board-established contracting authority thresholds. Approval also supports transparency in procurement activities and enables staff to move forward with procurement processes necessary to support operational needs of the Authority.

**7. BOARD ACTION**

Board Action Requested:

Approval of procurements authorizes the Chief Executive Officer or Chief Financial Officer to enter into contracts with recommended vendors.

**ATTACHMENTS**

None