



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

BOARD MEETING AGENDA

March 20, 2025, 10:00 AM ET

1. **Call to Order**
2. **Quorum Call**
3. **Moment of Silence & Pledge of Allegiance**
4. **Public Comment**
5. **Recognitions**
6. **Adoption of Minutes** [\(page 2\) -A](#)
7. **Staff Updates**
 - A. Incline Recovery: Director Matthew Higgins
 - B. Safety & Training: Chief Safety Officer Mark Logan
 - C. Communications & External Relations: Director Brandon Meredith
8. **Consent Agenda**
 - A. Statistical Report: Philip Pugliese [\(page 17\) -I](#)
9. **Action Items:**
 - A. Purchasing Policy - Update: Annie Powell [\(page 23\) - A](#)
 - B. Procurement Report: Annie Powell [\(page 44\) - A](#)

Budget Presentation: Charles Frazier, Scott Wilson, Annie Powell

 - C. FY 2026 DRAFT Capital Budget: Annie Powell [\(page 46\) - A](#)
 - D. FY 2026 DRAFT Operating Budget: Scott Wilson [\(page 49\) - A](#)
10. **New Business**
11. **Old Business**
12. **Adjournment**

MINUTES OF THE BOARD OF DIRECTORS MEETING OF
THE CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY
AND
THE CHATTANOOGA PARKING AUTHORITY

February 20, 2025

The regular meeting of the Board of Directors of the Chattanooga Area Regional Transportation Authority (CARTA) and the Chattanooga Parking Authority was held Thursday, February 20, 2025, 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 advertised in the Chattanooga Times Free Press on February 02, 2025. The following Board members were in attendance and constituted a quorum: Johan de Nysschen, Chairman; Evann Freeman, Vice Chairman; Charita Allen, Treasurer; Stephen Culp, Corey Evatt, and Bill Nye. The following persons were also in attendance: Charles Frazier, Chief Executive Officer; Sonja Sparks, Chief Financial Officer; Jeff Smith, Chief Operating 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.

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

Mr. de Nysschen called on Mr. Wilson to present the February 2025 Ambassador Award. Mr. Wilson recognized Nina Kirkpatrick, stating that on November 9th, 2024, Ms. Kirkpatrick demonstrated what it meant to be a public servant. While on duty as CARTA Go operator, Ms. Kirkpatrick notified dispatch of a passenger who had become unconscious and provided comfort until medical assistance arrived on scene.

Mr. de Nysschen then stated that all members had been sent a copy of January 16, 2025, board meeting minutes and asked if there were any additions, corrections, or comments. There being none, a motion was made by Ms. Allen and seconded by Mr. Freeman, followed by a vote to approve the minutes. The motion was unanimously approved.

Mr. de Nysschen called on Mr. Frazier to present the CEO report. Mr. Frazier provided an Incline Railway recovery update, stating that Railworks will complete the demolition phase the following week and then move to reconstruction. The first stage of reconstruction is cement work followed by ground preparation for the installation of timber to support the railroad ties. Mr. Frazier advised that the recovery project remains on schedule for a June 2025 re-opening date, replacement cable has been delivered, timber materials are in production, and rail components are readily available.

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While the Incline is closed for repairs, CARTA is taking the opportunity to implement the following improvements: (i) constructing new ADA accessible restrooms at the lower station, (ii) replacing fencing leading up from the lower station, and (iii) installing air conditioning units on the trains. Consolidating the improvements with the recovery work will avoid additional shutdowns later in the year.

Mr. Frazier next reported that the Tennessee Department of Transportation (TDOT) has formally approved CARTA's Safety and Security Certification Plan (SSCP) advising that the self-certification document and process is one of the requirements of the Federal Transit Administration (FTA). CARTA has been working closely with Christopher Broach, State Safety Oversight Officer, to ensure compliance.

Mr. Frazier reported securing, with the assistance of Ms. Powell, the following grant funding from the TDOT through their IMPROVE Transit Investment Grant Program: (i) four hundred five thousand dollars (\$405,000) toward a four hundred fifty thousand dollar (\$450,000) Vehicle Safety Monitoring Technology project - eligible expenses include upgrades for onboard camera systems, telematics driving data collections systems, and collision avoidance technology to help reduce incidents and accidents; (ii) six hundred thousand dollars (\$600,000) toward a seven hundred fifty thousand dollar (\$750,000) engineering and design project for CARTA's first-ever mobility and innovation hub.

Mr. Frazier next provided an update on the fixed route improvement strategy identified in the FY2025 Strategic Imperatives. The fixed route schedule and bus stop optimization analysis is complete. Data collected will provide the planning team with recommendations to improve efficiency. Recommendations are expected to be implemented during the fall service change taking place in August 2025. The assessment of CARTA's fixed route dispatch operations center is complete which includes standardized training of dispatchers and supervisors, advanced CAD/AVL training, and preventive maintenance routines for onboard equipment. Corrective actions are underway and will improve safety for operators, on-time performance, and enhance service quality. Lastly, CARTA is working to address software, data, and configuration issues with the Intelligent Transportation System. Once complete, riders will have more accurate information through the GTFS feed and real-time bus tracker website.

Mr. Evatt asked if the GTFS feed is being published now to which Mr. Frazier advised it is currently being reviewed by Clever Devices. Mr. Evatt then asked if the data would translate to other applications to which Mr. Frazier confirmed.

Mr. Frazier reported providing District 7 Council Member Raquetta Dotley a windshield tour for her district in addition to implementing a new pilot program focused on driving economic impact on the Northshore in response to the Market Street Bridge renovation project expected to last 18 months.

Mr. Culp asked for clarification on the policy for Shuttle stops to which Mr. Frazier advised that currently there is a soft policy on courtesy stops but staff will bring recommended changes to this policy later for Board review and approval.

Lastly, Mr. Frazier introduced two (2) leadership team additions, Mark Logan, director of safety and training, and Jeanine McNulty, director of human resources.

Under “Consent Agenda” Mr. de Nysschen asked if there were any comments or questions regarding the statistical or informational reports provided in the board packet sent electronically on February 14, 2025. Mr. Evatt expressed gratitude for the focus on improving IT and cautioned management to remain vigilant with rider engagement to ensure spring ridership increases as expected. Mr. de Nysschen then asked if there were any additional comments or questions regarding consent agenda items. There being none, a motion was made by Mr. Evatt and seconded by Mr. Culp followed by a vote to approve the Consent Agenda items as received, read, understood, and accepted. The motion was unanimously approved.

Under “Action Items” Mr. de Nysschen called on Ms. Sparks to present the financial report. Ms. Sparks reported the following: (i) revenue for the month was five million eight hundred fifty-three thousand eight hundred seventy-six dollars (\$5,853,876) compared to the budgeted two million two hundred fifty-seven thousand nine hundred seventy-eight dollars (\$2,257,978), (ii) transit revenues were over budget two million two thousand three hundred thirty-eight dollars (\$2,002,338) from an increase in budget from FTA revenue generated by

drawing down all remaining American Rescue Plan Act Funds (ARPA), (iii) Shuttle revenue was over budget eight hundred sixty-four thousand three hundred twenty-eight dollars (\$864,328) from an increase FTA revenue generated by drawing down all remaining ARPA Funds, (iv) Incline revenues were under budget seven hundred eighty-nine thousand three hundred ninety-five dollars (\$789,395) due to the temporary closing for repairs from the fire and FTA revenues, (v) Care-A-Van revenue was over budget one million five hundred thirty-five thousand three hundred one dollars (\$1,535,301) from an increase FTA revenue generated by drawing down all remaining ARPA Funds, and (vi) expenses for the month were two million three hundred eighty-five thousand six hundred seventy-five dollars (\$2,385,675) compared to the budgeted two million four hundred five thousand eight hundred thirty-one dollars (\$2,405,831). Mr. Sparks also noted that the January 2025 parking report was a simplified representative of the relationship with the parking and shuttle revenue and expense with qualified revenues and expenses presented in the format provided to the City of Chattanooga at year end.

Mr. Culp asked if there will be any significant reductions in expenses as technological upgrades are completed to which Ms. Sparks replied. Mr. de Nysschen asked if there had been a forfeited revenue analysis for parking, to which Mr. Frazier responded that the requested analysis, in addition to a parking enforcement strategy will be provided at the April 2025 board meeting.

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

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 that included sole source procurements and a report on emergency procurements as indicated.

Sole Source procurements are as follows: (i) a sixty-seven thousand one hundred fifty dollar (\$67,150) purchase from Acheson Foundry for one hundred fifty-eight (158) double-grove sheaves for the Incline Railway at four hundred twenty-five dollars (\$425) per sheave and (ii) a three hundred thirty-eight thousand five hundred dollar (\$338,500) purchase of a Karsan e-Just minibus with on-board security equipment vehicle tracking hardware for use on the downtown shuttle.

Mr. de Nysschen asked for clarification on the immediate sheave need vs the total number needed and lifespan of the sheaves to which Ms. Powell replied the total number of sheaves needed for the Incline Railway track is two hundred thirty nine (239) with a life span of five (5) to thirty (30) years. Ms. Powell also confirmed CARTA's ownership of the sheave mold.

Mr. de Nysschen asked for clarification on the number of accessible seats available for the minibus to which Ms. Powell confirmed one. Mr. de Nysschen then asked if data related to

accessible seating was available to which Ms. Powell advised it was thought to be available. Ms. Powell will provide Mr. de Nysschen with an update.

Ms. Powell next reported that CARTA is negotiating a contract for emergency repairs of the Incline Railway with Railworks Track Systems LLC for a not to exceed amount of nine hundred fifty thousand dollars (\$950,000). The contract is for time and materials to repair damage caused by the fire on December 7, 2024, which includes twenty-eight (28) spans of the buried trestle that rests on concrete piers and one or more spans of Trestle 1. The scope of work has been confirmed by CARTA's third-party engineer, CSR Engineering.

Mr. de Nysschen asked if there were any additional questions regarding Ms. Powell's request. There being none, a motion was made by Mr. Nye and seconded by Mr. Evatt followed by a vote to approve. The item was unanimously approved.

Mr. de Nysschen called on Mr. Wilson to present information on the Rider Advisory Committee. Mr. Wilson reported that staff recommended the Board approve the establishment of a Rider Advisory Committee to engage Fixed Route, CARTA GO, and Shuttle riders to facilitate two-way communication between CARTA and its riders.

Mr. Evatt stated that the flexibility in meeting places and time for the Rider Advisory Committee is appropriate and appreciated. Mr. de Nysschen asked about duties of the committee's chair to which Mr. Wilson stated there is a rough draft of support expectations currently. The chair and committee members will develop and finalize based on input from

community riders. Mr. Evatt volunteered to chair the committee. Ms. Allen requested clarification on the pass incentive for committee members to which Mr. Wilson confirmed it is a thirty-one (31) day pass per meeting attended, up to four (4) passes per year.

Mr. de Nysschen asked if there were any additional questions regarding Mr. Wilson's request with Mr. Evatt assuming the board chair role. There being none, a motion was made by Ms. Allen and seconded by Mr. Culp followed by a vote to approve. Both items were unanimously approved.

Under "New Business" Mr. de Nysschen asked Mr. Frazier to present the 2024 CEO year-end review. CARTA's 2024 Community Impact accomplishments included launching Read and Ride with the Chattanooga Public Library, facilitating over thirteen thousand (13,000) rides annually, partnering with Signal Centers and Dolly Parton's Imagination Library to help boost children's reading program with new DPIL themed bus wrap, contributing two thousand (2,000) pounds of food to the Chattanooga Area Food Bank for Share Your Christmas, partnering with AARP to provide free rides to polls whereby Election Day ridership increased by seventeen percent (17%), collecting critical supplies during the Grateful event and delivering them to the Maclellan Shelter, and initiating windshield tours with elected officials to identify opportunities for improvement.

CARTA's 2024 Operational Improvement accomplishments included reorganizing business structure for future success, developing the first ever FY2025 Strategic Imperatives to

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guide the organization's direction, establishing a framework to implement the twenty-four (24) key focus areas, creating a detailed S.W.O.T. analysis to help identify areas of improvement and potential risks, introducing Token Transit as a cashless payment option for CARTA riders, achieving a year-over-year increase in ridership across all services, implementing first-ever emergency protocol training for Incline Railway operations, and managing response to Incline Railway fire and initiated restoration efforts.

CARTA also secured the following grant funding in 2024, (i) seven hundred eighty-seven thousand five hundred dollars (\$787,500) for transit-oriented development planning for Brainerd Rd. and Lee Highway, (ii) a seven million seventy-thousand-dollar (\$7,070,000) Department of Energy grant for sustainable transportation, and (iii) nine hundred eighty thousand dollars (\$980,000) from a state grant for fare technology modernizations.

CARTA's 2024 Economic Impacts included creating "First Hour Free" parking to stimulate the downtown economy, achieving a four-point three percent (4.3%) increase in fixed route and CARTA Go ridership, a nineteen point one percent (19.1%) increase in shuttle services, and the highest ridership in three (3) years for Care-A-Van services.

CARTA's 2024 challenges included limited funding sources and fiscal constraints, recruitment and retention of skilled personnel, the need for fare technology and infrastructure modernization, service quality improvements needed across fixed routes and paratransit, and

addressing the negative historical reputation for poor on-time performance and customer service.

CARTA intends to focus on the following priorities in 2025: (i) advancing Bus Rapid Transit (BRT) infrastructure, (ii) expanding access through community partnerships, (iii) strengthening organizational resilience, (iv) service quality improvements needed across fixed routes and paratransit, and (v) technology upgrades and safety protocols.

Next Mr. de Nysschen and Mr. Frazier presented CARTA's FY2026 Budget Priorities which consisted of four (4) focus areas and five (5) key commitments. Focus area one (1) was Core Business Excellence. Core business areas are as follows: (i) service delivery and safety through enhancing driver training programs, mitigating risk by developing comprehensive service policies and procedures, modernizing dispatch and communications mechanisms for quality improvement; (ii) service planning and efficiency by supporting financial sustainability through optimizing fare structures, improving schedule reliability and on-time performance, securing strategic locations for downtown transit center and mobility hubs; (iii) maintenance and infrastructure through improving vehicle reliability and maintenance programs, development of long-term vehicle transition strategies and enhancing facilities maintenance; (iv) technology and systems through implementing standardized IT infrastructure, integrated technology solutions development and creating data-driven performance tracking systems and (v) financial

management through creating policies to insure long-term financial sustainability, strengthening compliance processes and expanding grant funding opportunities.

Focus area two (2) was community and customer focus. CARTA will deepen engagement through customer amenities and feedback systems expansion, educational transit tours and community outreach programs, travel training enhancement and bilingual support services and testing new shuttle routes to serve emerging needs.

Focus area three (3) was growth and innovation. CARTA will focus on the future by expanding services to drive economic impact, parking accessibility enhancement, growing ridership through improved customer experience and strategically plan for three to five (3-5) years of growth.

Focus area four (4) was workforce development. CARTA will support the employees by extending supervision coverage across all service hours, adjusting wages to remain competitive, and enhance safety protocols and training.

The five (5) key commitments for the FY2026 budget were as follows: (i) sustaining current service levels with no service reductions, (ii) exploring programs and investment opportunities with Hamilton County and other cities, (iii) utilizing the remaining American Rescue Plan Act (ARPA) funds to proactively navigate near-term fiscal challenges, (iv) modifying fares and fare policies to balance the budget and aggressively pursue Federal and State grants to leverage local investment.

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Mr. de Nysschen asked if there were any questions regarding the FY2026 Budget Priorities request. There being none, a motion was made by Mr. Culp and seconded by Mr. Freeman followed by a vote to approve. The item was unanimously approved.

Mr. de Nysschen inquired if there were any other business items that need to be addressed. There being no further business, a motion was made to adjourn. The meeting was adjourned with an executive session to follow.

CARTA Executive Committee

Meeting Minutes

Date: March 7, 2025

Time: 1:00 PM - 5:37 PM

Location: CARTA Offices, Tom Dugan Room

Attendees

Board Members Present:

Chair de Nysschen, Director Culp, Director Evatt, Secretary Reeves (arrived at 1:20 PM), Director Nye (arrived at 1:45 PM), Treasurer Allen (arrived at 2:25 PM), Director Sanderfur (arrived at 1:00 PM)

Staff Present:

Charles Frazier, CEO, Scott Wilson, Chief of Staff, Sonja Sparks, CFO, Jeff Smith, COO, Veronica Peebles, CAO, Annie Powell, Director of Procurement, Phil Pugliese, Director of Planning, Brandon Meredith, Director of Communications.

1. Welcome and Opening Remarks

Chair de Nysschen called the meeting to order at 1:00 PM and welcomed all attendees. Chief of Staff Wilson reviewed the agenda and the Monthly Safety Message of Fatigue Awareness.

2. Quorum Call

A quorum was confirmed with all expected members present.

3. Purchasing Policy Update

Annie Powell, Director of Procurement, presented updates to the current purchasing policy. The committee discussed the proposed changes and noted that formal action would be required at the March board meeting.

4. Procurement Report

Ms. Powell provided the procurement report detailing recent and upcoming procurement activities. The committee reviewed the report and noted that formal action would be required at the March board meeting.

5. Planning Update

Phil Pugliese, Director of Planning, provided updates on the following projects:

- **Bus Stop Optimization:** Mr. Pugliese presented the current status of the bus stop optimization project, including locations identified for improvements and timeline for implementation.

- **Fixed Route Schedule Analysis:** The committee reviewed the analysis of current fixed routes and discussed potential adjustments to improve efficiency and service.
- **CARTA GO Update:** Mr. Pugliese provided an update on the CARTA GO program, including usage statistics and customer feedback.
- **Department of Energy Grant Project:** The committee was briefed on the progress of projects funded by the Department of Energy grant, including timeline and budget updates.

6. Open Discussion

The committee discussed the upcoming FY26 Capital and Operating Budget, which will require approval at the March board meeting. Various board members raised questions and provided input on budget priorities.

7. Executive Session

At approximately 4:00 PM, the committee entered executive session to conduct annual reviews for the Chief Financial Officer and Chief Executive Officer.

8. Resumption of Meeting

The committee resumed open session at approximately 5:30 PM.

Chair de Nysschen reported that the board was highly satisfied with the CEO's performance, noting he was highly aligned with the board's vision. The Chair specifically cited Mr. Frazier's work in outreach to the city and county.

Chair de Nysschen called for a vote to confirm payment of the CEO bonus per his employment contract. Director Culp moved to approve the payment, and Director Nye seconded the motion. The motion passed unanimously.

9. Adjournment

The meeting was adjourned at 5:37 PM.

TO: CARTA Board of Directors

FROM: Philip Pugliese
Director of Planning

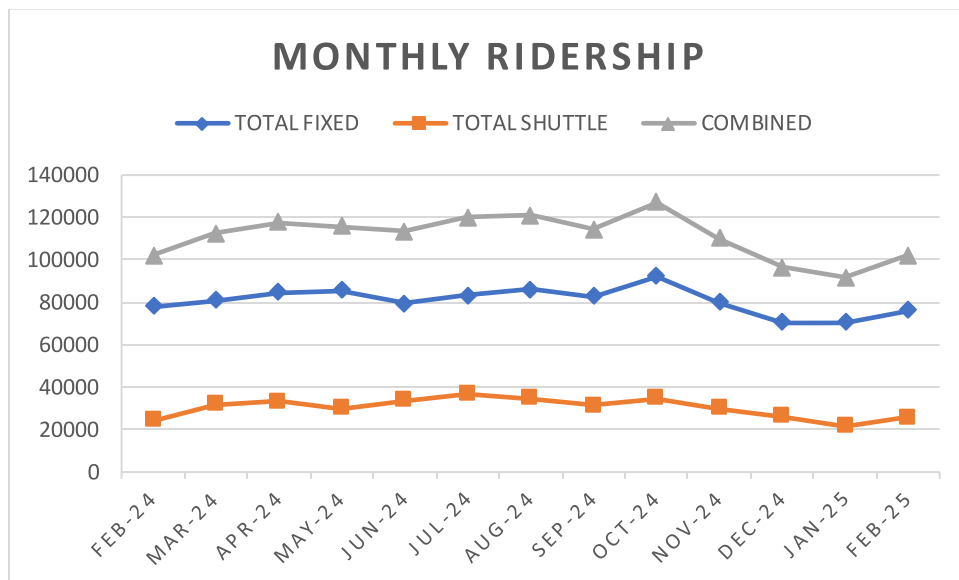
SUBJECT: Statistical Report

RECOMMENDED ACTION

Staff recommend that the Board accept CARTA's statistical report for the month ending February 2025 as information to the Board.

HIGHLIGHTS, ANALYSIS AND CONCLUSIONS

Total combined shuttle and fixed route ridership is up 11% over January and even with February 2024. Combined calendar year-to-date is even between 2025 and 2024.



- The Incline Railway remains out of service due to the December fire event.
- The Read and Ride program provided 2,052 trips in February.
- The Launch Pad pilot program provided service to eleven active participants taking 311 trips through the week ending March 4, 2025.
- Our Token Transit Mobile Ticketing application has 349 unique customers who have purchased 2,597 passes through February, 2025.

Mobile passes activated for the first time

2,597

Passes activated for the first time

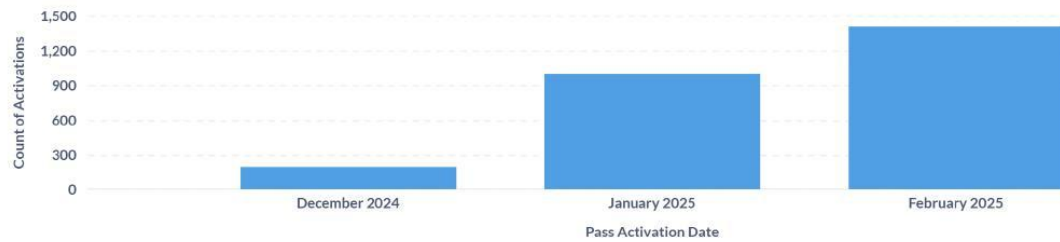
Passes activated for the first time

all 100%



Passes activated for the first time over time

All Pass Types



Unique mobile activators

Unique mobile app users who activated a pass.

349

Unique activators

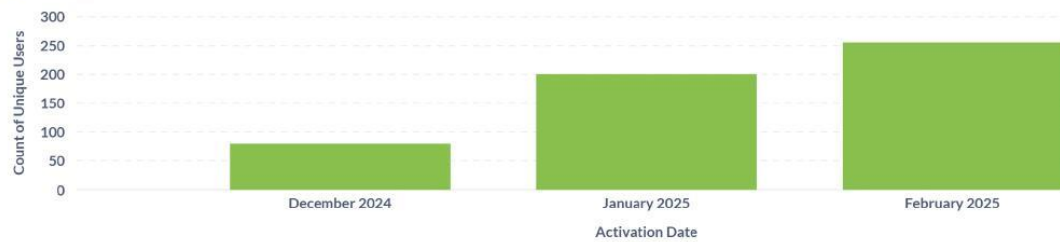
Total unique activators

all 100%

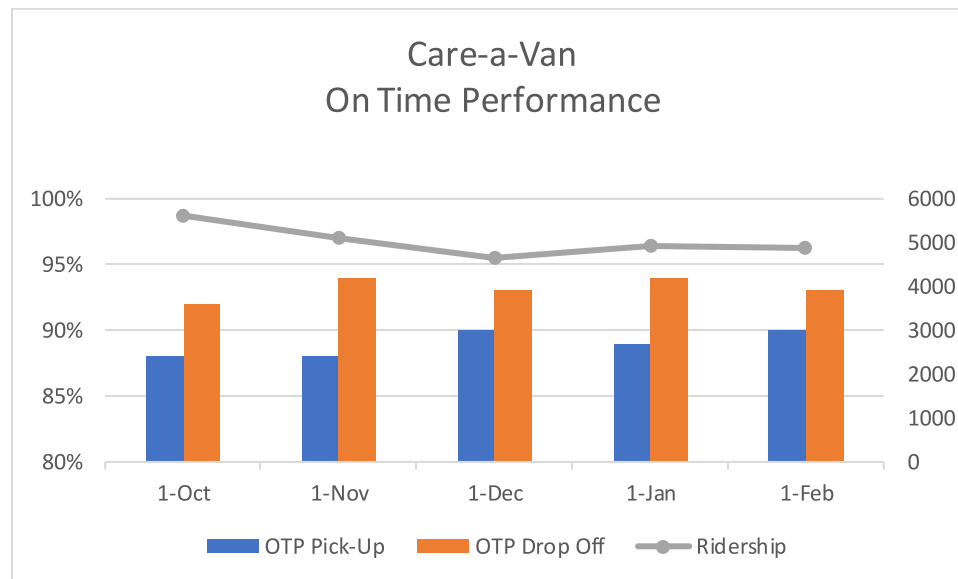
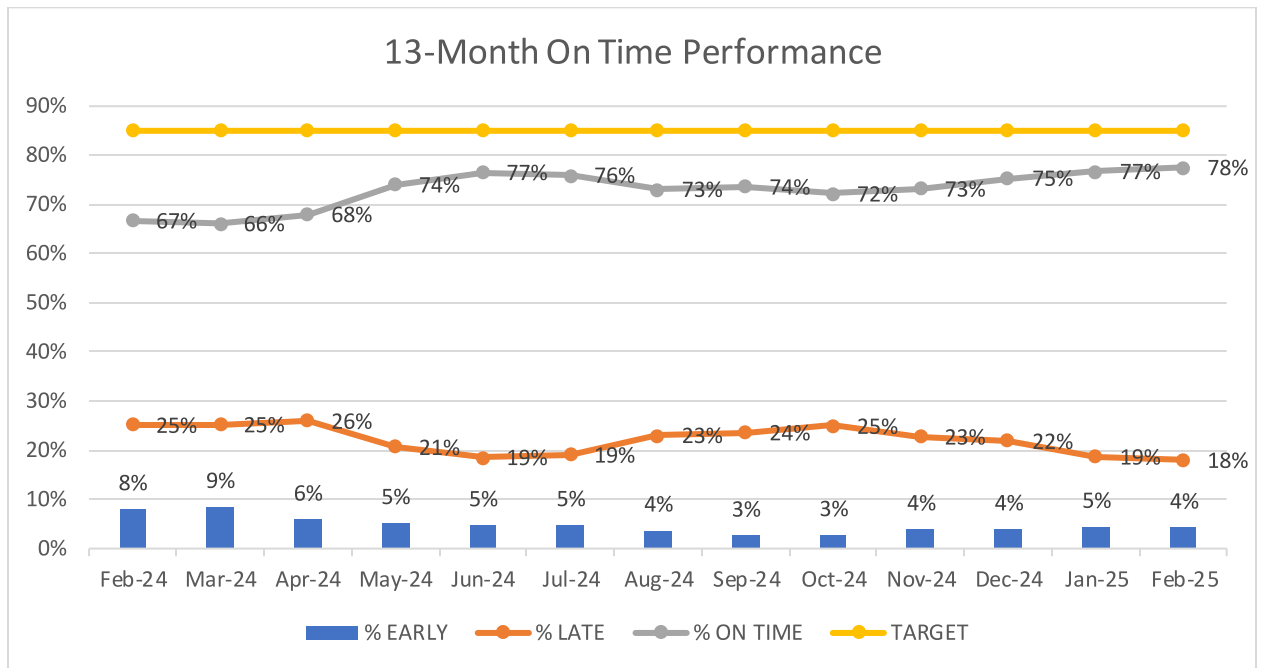


Unique activators over time

All Pass Types



- On-Time Performance for Fixed Route and Care-a-Van as below.



Chattanooga Area Regional Transportation Authority

Statistical Report

For the Period Ending February 28, 2025

	<u>This Month</u>	<u>Month YR Ago</u>	<u>YTD</u>	<u>Prior YTD</u>
<u>TRANSIT</u>				
Ridership	76,260	77,872	640,682	637,131
Weekday Average - with Mocs	3,272	3,189	3,221	3,183
Weekday Average - without Mocs	3,051	3,152	3,046	3,076
Saturday Average	2,012	1,963	1,994	2,057
Sunday Average	691	765	742	778
Miles	147,874	160,158	1,244,917	1,261,511
Passengers/Mile	0.52	0.49	0.51	0.51
Accidents	0	2	14	13
Operating Cost/Rider	N/A	9.94	N/A	9.89
<u>SHUTTLE</u>				
Ridership	20,991	20,501	199,888	174,357
Weekday Average	797	776	870	750
Saturday Average	857	667	965	851
Sunday Average	408	386	515	468
Miles	16,186	16,571	137,106	131,230
Passengers/Mile	1.30	1.24	1.46	1.33
Accidents	0	0	1	5
Operating Cost/Rider	N/A	3.39	N/A	3.36
<u>INCLINE</u>				
Ridership	0	15,424	231,998	313,351
Net Revenue/Passenger	N/A	(1.78)	3.03	2.69
Days Down	28	1	99	4
<u>CARE-A-VAN</u>				
Ridership	4,895	4,605	38,645	34,364
Miles	52,360	51,336	455,172	394,959
Turndowns	0	5	0	14
Accidents	1	2	3	5
Operating Cost/Rider	N/A	46.02	N/A	48.16
Passengers/Hour	1.53	1.32	1.43	1.27
<u>TOTAL CARTA</u>				
Ridership	102,146	118,402	1,111,213	1,159,203

* Notes to the Statistical Report:

North Shore Shuttle	2,532	1,806	22,156	17,678
MOCS Express	4,424	776	29,777	18,100
Bicycles Carried	1,418	1,417	11,856	12,431
Wheelchairs Carried	898	1,196	8,371	9,601
St.Elmo/Incline	2,282	1,864	19,739	16,352

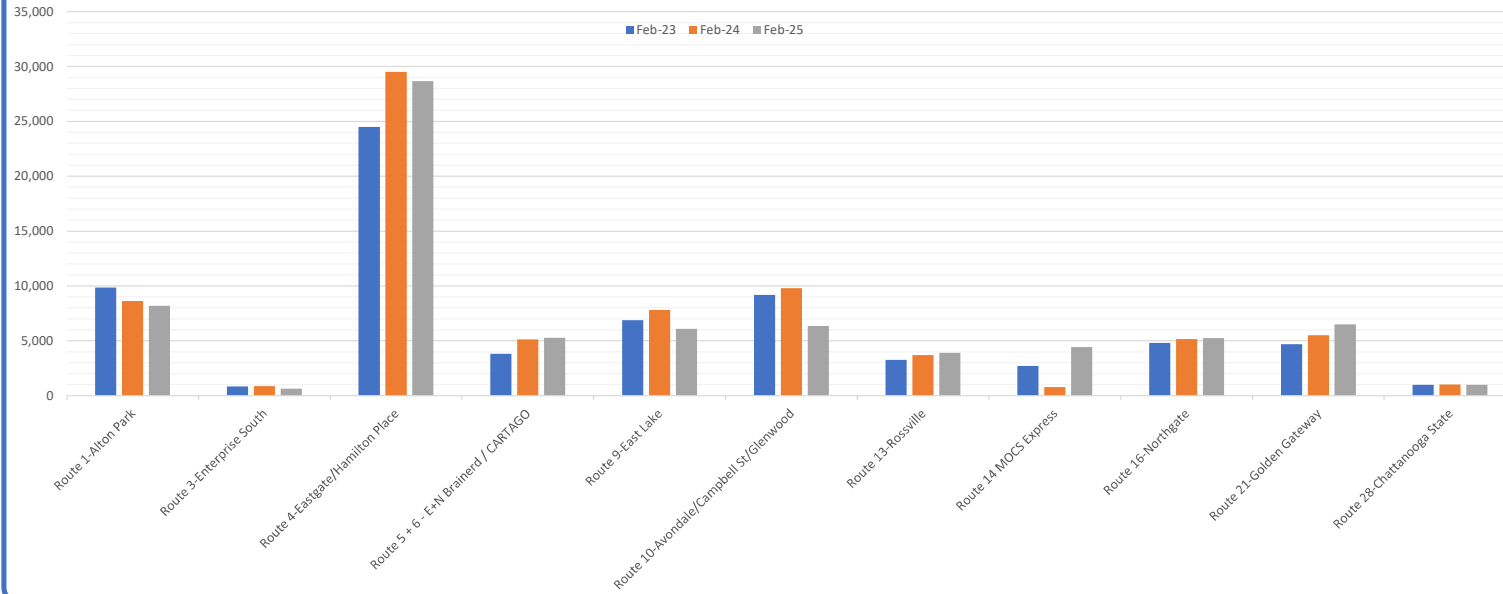
Days of Operation Transit, Shuttle, Care-A-Van

Number of Weekdays	20	21
Number of Saturdays	4	4
Number of Sundays	4	4
	<u>28</u>	<u>29</u>

Days of Operation Incline

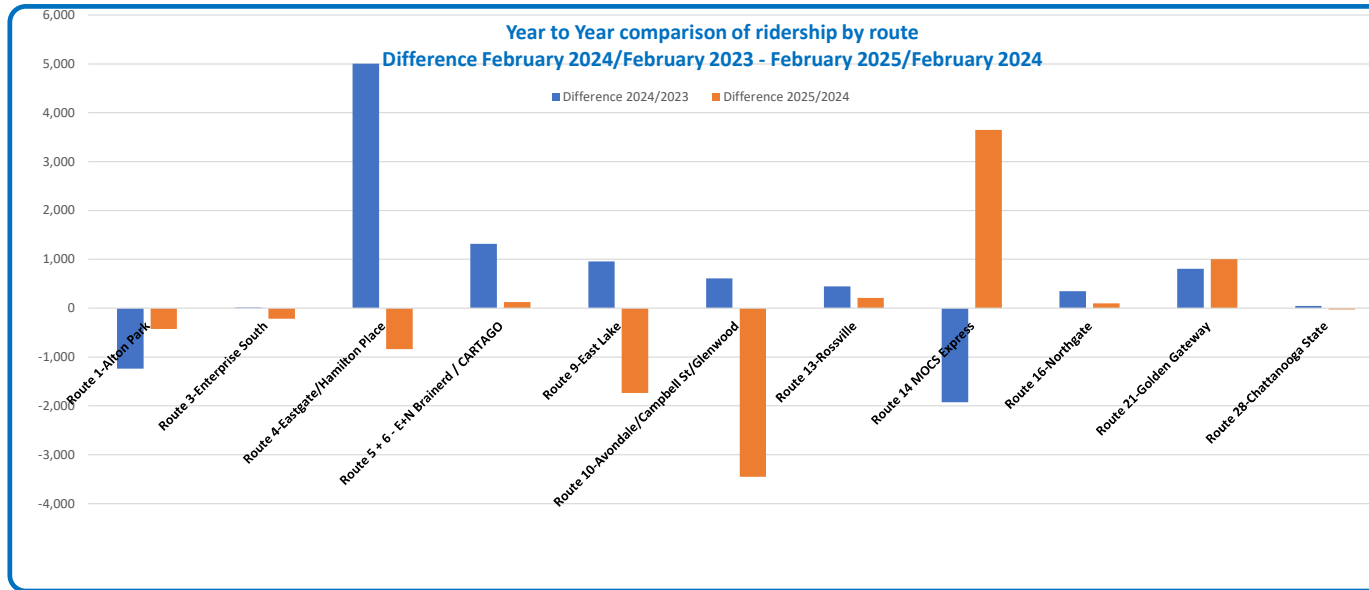
Number of Weekdays	0	20
Number of Saturdays	0	4
Number of Sundays	0	4
	<u>0</u>	<u>28</u>

Year to Year comparison of ridership by route February 2023/February 2024/February 2025



	Feb-23	Feb-24	Feb-25
Route 1-Alton Park	9,853	8,616	8,193
Route 3-Enterprise South	845	856	640
Route 4-Eastgate/Hamilton Place	24,501	29,507	28,666
Route 5 + 6 - E+N Brainerd / CARTAGO	3,821	5,135	5,258
Route 9-East Lake	6,866	7,820	6,087
Route 10-Avondale/Campbell St/Glenwood	9,188	9,794	6,344
Route 13-Rossville	3,248	3,695	3,902
Route 14 MOCS Express	2,702	776	4,424
Route 16-Northgate	4,814	5,159	5,256
Route 21-Golden Gateway	4,687	5,493	6,495
Route 28-Chattanooga State	975	1,021	995

Totals: 71,500 77,872 76,260



	Difference 2024/2023	Difference 2025/2024
Route 1-Alton Park	-1,237	-423
Route 3-Enterprise South	11	-216
Route 4-Eastgate/Hamilton Place	5,006	-841
Route 5 + 6 - E+N Brainerd / CARTAGO	1,314	123
Route 9-East Lake	954	-1,733
Route 10-Avondale/Campbell St/Glenwood	606	-3,450
Route 13-Rossville	447	207
Route 14 MOCS Express	-1,926	3,648
Route 16-Northgate	345	97
Route 21-Golden Gateway	806	1,002
Route 28-Chattanooga State	46	-26

TO: CARTA Board of Directors
Executive Committee

FROM: Annie Powell
Director of Grants & Procurement

SUBJECT: Approval of Updated Purchasing Policy

RECOMMENDED ACTION

Staff recommends that the Board approve CARTA's Purchasing Policy effective March 20, 2025.

ALIGNMENT WITH STRATEGIC GOALS

This action aligns with CARTA's strategic imperatives of compliance and transparency.

SUMMARY OF NEED

Approval of this item will allow CARTA to formally adopt the most recent version of the purchasing policy, which incorporates recommendations from the City of Chattanooga as well as the Federal Transit Administration (FTA)'s updates to FTA Circular 4220.1G, Third Party Contracting Guidance. CARTA's entire purchasing policy can be found [here](#).

Following the procurement audit, the City of Chattanooga Office of Internal Audit provided the following recommendations:

1. Providing training on its procurement policies to all staff responsible for purchasing goods and services for the organization.
2. Providing adequate supporting documentation to accounts payable to ensure invoicing matches the agreed upon pricing.
3. Outlining appropriate disciplinary action when policies are violated.
4. Obtaining and documenting quotes for blanket purchase orders that include detailed pricing (not lump sum).
5. Analyze the feasibility of incorporating the procurement module as part of CARTA's upgrade to Oracle Netsuite financial system or integrating existing software with Netsuite.
6. Periodically auditing and reconciling payments to purchase orders.
7. Implementing a procedure to ensure competitive bids are obtained for purchases of goods or services that exceed \$50,000 annually.
8. Implementing a procedure to receive Board approval to procure goods and services using the Request for Proposals method and to award the responsible respondent.
9. Reporting sole source or proprietary procurements to CARTA's Board as soon as possible.
10. Updating purchasing policy to ensure compliance with State laws governing procurements.

The specific changes to the policy are as follows:

- Page 7, Purpose: updating FTA federal circular and adding compliance with Municipal Purchase Law of 1986 (Tennessee Code Annotated (TCA) 6-56-301-307 and TCA Title 12 as updated; addition of disciplinary action (recommendations 3 and 10 above)
- Pages 7-10, Definitions: updating definitions to be consistent with FTA's Circular 4220.1G
- Page 13, 23-24, 28: updating responsibilities to reflect organizational updates
- Page 14: updates to those authorized to sign purchase requisitions

- Page 15: updates to emergency purchase procedures, blanket purchase order procedures, contract execution procedures, and adding Section 5307 funds under oversight of subrecipients (recommendation 4 and 7 above)
- Page 16: update from FTA circular 4220.1G on a self-certification process for micro-purchase limit
- Page 28: update to Request for Proposals procedure to include requesting approval from the Board of Directors (recommendation 8 above)
- Page 29: update to staff proposal evaluation procedures
- Page 30: updated to include recommendation of award to the Board of Directors (recommendation 7 above)
- Page 33: update to sole source procedures (recommendation 9 above)
- Page 34: update to protest procedures
- Page 35: update to contract administration procedures, including scheduling internal audits on a quarterly basis (recommendations 2 and 6 above)
- Page 38: update that Board of Directors are to approve any contracts beyond five years (unless CARTA is prohibited from entering into a contract beyond five years – FTA does not allow vehicle contracts to extend beyond five years)
- Page 40: update to revenue contract procedures
- Appendices: CARTA has updated these to include the credit card standard operating procedure

Once the purchasing policy has been approved by the Board of Directors, training of staff will take place in accordance with recommendation 1 above. CARTA continues to evaluate the feasibility of recommendation 5 above. CARTA is in conversations with Netsuite on the feasibility of integrating CARTA's existing system, which includes creation of purchase orders and inventory as well as maintenance work orders. CARTA is also investigating the feasibility of implementing a similar product that is available natively within Netsuite but is a new offering and will require further investigation to ensure it meets CARTA's needs.

BACKGROUND AND HISTORY

On February 15, 2024, the Board of Directors approved CARTA's Purchasing Policy retroactive to July 1, 2023.

On March 26, 2024, the city of Chattanooga Office of Internal Audit held an entrance conference with CARTA for an audit of CARTA's Procurement process. The phases of the audit included:

- Preliminary Survey Phase
- Testing and Conclusion Phase
- Report Phase

CARTA responded to the draft copy of the audit report in November and has made changes in the following months by creating a Procurement Report template for use during the Board of Directors meetings that includes: Board approval of any procurements over \$50,000, Board approval of the use of the Request for Proposals Process, report to the Board on any sole source procurements, and report to the board on any emergency procurements. Updates to the purchasing policy are required for CARTA to fully respond to all recommended changes from the audit.

PROCUREMENT OVERVIEW

N/A

FISCAL IMPACT

N/A

DBE PARTICIPATION
N/A

I. Purpose

The purpose of these policies and procedures is to establish guidelines relating to the purchase or sale of real and personal property, the granting of concessions, and the making of certain contracts by CARTA, in accordance with U.S. Department of Transportation (U.S. DOT) Federal Transit Administration (FTA) documents, [FTA Circular 4220.1G, 49 C.F.R. 18, Master Agreement, the Best Practices Procurement Manual, including updates], 2 CFR Part 200, and the Municipal Purchasing Law of 1983 (Tennessee Code Annotated (TCA) 6-56-301-307, TCA Title 12 as updated. CARTA and its subrecipients may use locally developed procurement procedures, if procurements conform to applicable Federal law and regulations. In practices where there is a conflict between local, state, and Federal law and regulations, the more stringent regulations will prevail.

CARTA will hold employees accountable to the procedures outlined in this purchasing policy. Anyone violating the procedures outlined below will receive appropriate disciplinary action (i.e. written warning, termination, etc.).

II. Definitions

Abstract of Bids: document used to record the results of sealed bids for each bidder, which is subsequently made available for public inspection, after completion of the bid process.

Alternate Contracting Method (ACM): any method of contracting for a construction project other than traditional design-bid-build. ACMs include, but are not limited to, design-build, progressive design-build, construction manager/general contractor, construction manager-at-risk, public-private partnership, and other innovative methods with or without a name.

Best-Value: a selection process in which proposals contain both price and qualitative components, and award is based on a combination of price and qualitative considerations. Qualitative considerations may include technical design, technical approach, quality of proposed personnel, and/or management plan. The award selection is based upon consideration of a combination of technical and price factors to determine (or derive) the offer most advantageous and of the greatest value to CARTA.¹

Board: will mean the Board of Directors of CARTA.

Cardinal Change: a major deviation from the original purposes of the work or the intended method of achievement, or a revision of contract work so extensive, significant, or cumulative that, in effect, the contractor is required to perform very different work from that described in the original contract. Also referred to as a "tag-on."

Change Order: an order authorized by CARTA directing the contractor to make changes, pursuant to contract provisions for such changes, with or without the consent of the contractor.

Chairman: will mean the Chairman of the Board of Directors of CARTA and will include the Vice- Chairman when the Chairman is unavailable.

Constructive Change: occurs through an action or failure to act that effectively alters the

contractual scope of work without a formal “change order.” This concept recognizes the changes in project work, whether explicitly directed or inferred that would necessitate adjustments in contract terms and potentially in budget.

Contract: a mutually binding legal relationship obligating the seller to furnish supplies or services (including construction) and the buyer to pay for them. It encompasses various commitments that obligate CARTA to expenditure in writing, including bilateral instruments, awards, job orders, letter contracts, and purchase orders that become effective by acceptance or performance. Contracts under Federal awards must adhere to procurement standards established in 2 CFR 200.317-200.327.

Contract Administration: the post award administration of the contract to ensure compliance with the terms of the contract by both the contractor and CARTA.

Contract Administration File Documentation: the documentation contained in the contract file maintained by, or on behalf of, the contract administrator. It reflects the actions taken by the contracting parties in accordance with the requirements of the contract and documents the decisions made, and the rationale therefore, of matters which may result (or have resulted) in controversy or dispute.

Design-Bid-Build Project: a construction project under which a recipient commissions an architect or engineer to prepare drawings and specifications under a design services contract, and separately contracts for construction, by engaging the services of a contractor through sealed bidding or competitive negotiations to complete delivery of the project.

Design-Build Project: a delivery method for construction projects where a recipient contracts with a seller, firm, or consortium of firms to design and build a public transportation system or an operable segment thereof, meeting specified performance criteria. This contract may include an option to extend to the financing, operating, or the maintenance of the system segment. The essence of the design-build delivery method is the integration of design and construction services into a single contract, potentially offering benefits such as expedited completion time and cohesive project execution. Design-build also extends to contracts combining the design and construction of public transportation facilities, aiming to streamline project delivery and enhance performance outcomes.

Electronic Commerce (E-Commerce): consists of electronic techniques for accomplishing business transactions including electronic mail or messaging, World Wide Web internet technology, electronic bulletin boards, purchase cards, electronic funds transfer, electronic signatures, and electronic data interchange.²

FTA: Federal Transit Administration – an operating administration of the U.S. Department of Transportation.

Full and Open Competition: that all responsible sources are permitted to compete.

Joint Procurement: (sometimes called “cooperative procurement”) a method of contracting in which two or more purchasers agree from the outset to use a single solicitation document and enter into a single contract with a vendor for delivery of property or services in a fixed quantity, even if expressed as a total minimum or maximum. Unlike a State or local government purchasing schedule or contract, a joint procurement is not drafted for the purpose of accommodating the needs of other parties that may later choose to participate in the benefits

of that contract.

Large Purchase: purchases over \$50,000, may include: Invitation for Bids (IFB), Request for Proposals (RFP), Two-Step Procurement Procedures, Design-Bid-Build, Design-Build, and Architectural and Engineering Services (A&E).³

Local Government: a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments, any other regional or interstate government entity, or any agency or instrumentality of a local government. This term does not include a local public institution of higher education.

Master Agreement: the FTA document incorporated by reference and made part of FTA's standard grant agreements and cooperative agreements, that contains the standard terms and conditions governing the administration of a project supported with Federal assistance awarded by the FTA.

Micro-Purchase: purchases / contracts that do not exceed \$10,000. May be made with Telephone Quotes.

Modification: any written change to the terms of a contract.

Noncompetitive Proposals (sole source): procurement only if you can justify not soliciting additional competition in the manner explicitly defined in FTA Circular 4220.1G Chapter VI, page VI-14.

Progressive Design-Build (PDB): .one of several Alternative Contract Methods (ACMs) available for improving project delivery for use on Federal aid construction contracts. PDB uses a two-phased qualification-based selection process, requiring the owner agency and PDB Team to progress the design together, toward a final scope, schedule, and budget (guaranteed maximum price (GMP) or target maximum price (TMP). This method is best used for complex construction projects.

Project Labor Agreement (PLA): an agreement between the contractor, subcontractors, and the union(s) representing workers. Under a PLA, the contractor, subcontractors, and union(s) working on a project agree on terms and conditions and employment for the project, establishing a framework for labor-management cooperation to advance the buyer's procurement interest in cost, efficiency, and quality.

Property: includes real property consisting of land and buildings, structures, or appurtenances on land, equipment, supplies, other expendable property, intellectual property, and intangible property.

Public Private Partnership (P3): a contractual agreement formed between public and private sector partners, which allows for greater private sector participation in the delivery and financing of transportation projects. This partnership often involves sharing resources, risks, and rewards to enhance the efficiency, effectiveness, and overall quality of service delivery. P3s are used to leverage private sector expertise and capital for the public good, ensuring that the project's goals align with public transportation policy objectives and regulations.

Purchase: will mean the procurement by purchase, lease, or otherwise of real or personal

property by CARTA, and awarding of contracts for construction, alterations, supplies, equipment, repairs or maintenance, or for rendering any services to CARTA.

Recipient: means CARTA or any organization receiving funds directly from FTA.

Revenue Contract: a contract in which CARTA or a subrecipient provides access to public transportation assets for the primary purpose of either producing revenues in connection with a public transportation related activity or creating business opportunities involving the use of FTA assisted property.

Sale: will mean the sale, lease, or other disposition of any real or personal property by CARTA.

Small Purchase: purchases / contracts between \$10,001 and \$49,999. Purchases between \$10,001 and \$49,999 may be made with telephone quotes.

Subrecipient: an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Telephone Quote: quote for micro-purchases or small purchases obtained by calling a vendor and verbally stating specifications for goods or services in order to solicit a quote. Documentation for telephone quote must be recorded on the "Telephone Quote" form. Telephone quotes are only acceptable for micropurchases and small purchases.

Third party contract: a contract with a vendor or contractor, including procurement by purchase order or purchase by credit card (See Appendix F for Credit Card Standard Operating Procedure).

Unsolicited Proposal: is a proposal that is :

- (1) Innovative and unique,
- (2) Independently originated and developed by the offeror,
- (3) Prepared without the recipient's supervision, endorsement, direction, or direct involvement,
- (4) Sufficiently detailed that its benefits in support of the recipient's mission and responsibilities are apparent,
- (5) Not an advance proposal for property or services that a recipient could acquire through competitive methods, and
- (6) Not an offer responding to a recipient's previously established expression of need or request for proposals.

Value Engineering: the systematic application of recognized techniques that identify the function of a product or service, establish a value for that function, and provide the necessary function reliably at the lowest overall cost. In all instances, the required function should be achieved at the lowest possible life cycle cost consistent with requirements for performance, maintainability, safety, security, and aesthetics.

U.S. DOT: United States Department of Transportation.

Written Quote: document submitted by vendor to CARTA in writing via fax, mail, or electronic means. May be used for Micro or Small purchases.

- Verifying that the bidder or proposer has not been suspended or debarred for procurements greater than \$25,000. CARTA includes a contract certification in its contract provisions provided to bidders and proposers but also checks sam.gov to assure that information provided is accurate.
- Verifying that the bidder or proposer has a satisfactory record of integrity and business ethics. This information will be requested from the bidder or proposer and verified through a reference check.
- Verifying DBE compliance: for procurements with subcontracting opportunities, CARTA may set a contract goal for DBE participation. If such a contract goal has been set, CARTA will ensure that it has been met or that the bidder or proposer has made good faith efforts to meet the contract goal.
- Verification of compliance with public policy, administrative and technical capacity, any licensing and taxes through evaluation of information provided by the bidder or proposer and verified through a reference check.
- Verifying the bidder or proposer has the financial resources to perform the contract or can obtain them through evaluation of information provided by the bidder or proposer and verified through a reference check.
- Verifying that the bidder or proposer has the production capability to complete the contract or has the ability to obtain appropriate resources through evaluation of information provided by the bidder or proposer and verified through a reference check.
- Evaluation of timeliness through a review of the project schedule. CARTA will also verify that the bidder or proposer has a history of keeping to the agreed upon schedule through checking references.

Evaluating the above information will allow CARTA to determine if the bidder or proposer is a responsible contractor.

B. Review of Procurement Requests to Avoid Duplicate or Unnecessary Purchases⁶

CARTA has purchasing procedures for micro-purchases, small purchases, and large purchases (IFB/ RFP/A&E), respectively. **The Manager of Purchasing & Procurement completes micro purchases, and the Director of Grants & Procurement, Manager of Grants & Procurement, and Manager of Purchasing & Procurement conduct IFB/ RFP/A&E purchases/contracts. CARTA's Leadership Team remain involved in purchases that affect their departments either through consultation with the Procurement team or serving on evaluation or oversight committees for larger procurements.**

Because of the collaborative effort involved in conducting IFB/RFP/A&E, it is not possible to make duplicate purchases under this process. Because one person is responsible for issuing purchase orders, there is no duplication of micro and small purchases either.

Purchase order requisitions are signed by the following for the areas assigned:

Chief Executive Officer (CEO): All Areas

Chief of Staff: All Areas

Chief Financial Officer (CFO): All Areas

Chief Operating Officer (COO): Operations (Fixed Route, Care-A-Van, and CARTA GO) and Maintenance

Chief Administrative Officer: Safety, Planning, Customer Service, and Communication

Director of Grants & Procurement: All Areas

Director of Parking & Facilities: Parking and Buildings and Grounds

Director of Innovation & Technology: Information Technology Systems and Services

Director of Safety & Training: Safety and Training Activities

Director of the Incline Railway: Incline Activities

Director of Maintenance: Maintenance Activities for Wilcox and Shuttle Park South

Purchasing and Procurement Manager: Replenishing Stock and items under \$500 for all areas

These individuals are accountable for meeting budgets in their departments and understand what their departments are responsible for procuring, which avoids overlap. An authorized individual other than the individual signing as requestor should approve a purchase requisition. The Purchasing and Procurement Manager may sign purchase orders under \$500. Anything above \$500 also requires the signature of the Chief Executive Officer or Chief Financial Officer. CARTA is a small, financially constrained organization and much attention is paid to purchasing only necessary items.

C. Competition; Non-Collusive Bids and Proposals

All purchases and sales, whether by formal advertising or otherwise, will be made on a competitive basis to the maximum practicable extent. In the event identical bids are submitted on any contract for the sale or purchase of property, the Director of Grants and Procurement or the Chief Financial Officer will report such fact to CARTA's General Counsel if there is any reason to suspect collusion.

D. Splitting Purchases

Purchases will not be split to place them in a smaller procurement category.

E. Purchase Orders

Purchase orders are required for all purchases of goods and services unless otherwise stated. Purchase orders are not required in emergency situations or in instances where dues, fees, etc. automatically renew. Purchase orders are required for most capital items. Purchase orders must be vendor-specific and not project oriented. If an invoice is greater than 10% above the purchase order amount, a new purchase order is required.

In an emergency, purchases may be authorized by the Chief Executive Officer or Chief Financial Officer to expedite the need to restore services and functional operations of the Chattanooga Area Regional Transportation Authority. Any emergency procurements will be reported to the Board of Directors at the next regularly scheduled Board meeting.

When purchases orders are not obtained prior to purchasing a good or service, then payment can only be made on the invoice after obtaining approval of the Chief Executive Officer or Chief Financial Officer.

Blanket purchase orders may be issued for up to one year for some items that are other regularly occurring services or goods that have been quoted or bid from a particular supplier. Blanket purchase orders will have a not to exceed amount and a defined period of time and should have detailed documentation of pricing terms.

F. Entering a Contract

Only the Chief Executive Officer and Chief Financial Officer are authorized to enter into a formal contract with a vendor under \$50,000. For any contracts over \$50,000, authorization from the Board of Directors is required for the Chief Executive Officer to enter into a contract.

G. Oversight of Subrecipients

CARTA is the designated recipient for Section 5307 and 5310 funds and has responsibility for the oversight of subrecipients for these funds. As FTA grantees, all Section 5307 and 5310 funding recipients must use procurement procedures reflecting applicable state and local laws and regulations, subject to the FTA requirements that the procedures ensure competitive procurement and conform to applicable federal law, including 49 CFR Part 18 – specifically Section 18.36, and FTA Circular 4220.1G, “Third Party Contracting Requirements.”

The procurement procedures used by subrecipients must ensure competitive

procurement and conform to applicable federal law. FTA requirements and standards apply to the procurement of all supplies, equipment, and services funded by FTA. Purchasing of equipment may be done directly by the subrecipient, with CARTA oversight, or by CARTA directly on behalf of the subrecipient. The subrecipient will ensure that purchases are made competitively and that every contract that the subrecipient enters contains all applicable federal and state required clauses, and any certifications required.

VI. Methods of Procurement

A. Micro-Purchases

Micro-purchases are purchases or contracts that do not exceed \$10,000. Purchases below that threshold may be made without obtaining competitive quotes. The Davis-Bacon Act must be applied to construction contracts over \$2,000. Minimum documentation requirements include determination that the price is fair and reasonable, and how this determination was made. CARTA will distribute micropurchases equitably among qualified suppliers. Procurements may not be divided or reduced in size to be within the micro-purchase limit. **CARTA must certify on an annual basis, in accordance with 2 CFR 200.334, clear justification of its micropurchase threshold. Supporting documentation of any of the following must be included: a qualification as a low-risk auditee, in accordance with the criteria in 2 CFR 200.520 for the most recent audit; or an annual internal institutional risk assessment to identify, mitigate, and manage financial risks.**

Whenever feasible, it is CARTA's preference to complete a "Telephone Quote" form documenting at least two telephone quotes or obtain copies of at least two written quotes for such purchases. (See definition of written quote). Once the telephone or written quotes have been obtained, a requisition form will be submitted to the Manager of Purchasing & Procurement with the appropriate signature. Subsequently, the Purchasing and Procurement Manager will complete a "Purchase Order" form. All micro-purchases with only 1 quote must include the "Fair and Reasonable Price Determination Form" signed, dated, and the reason checked off.

If submitted electronically, the written quote must be printed. If the quote is obtained by telephone, the dates, names of vendors, addresses, phone numbers, and contact persons must be submitted for at least 2 vendors and documented on the "Telephone Quote" form. All supporting documentation must be submitted to the Accounts Payable Administrator with the purchase order. If a grant will be used to fund the purchase, the Accounts Payable Administrator will also provide a copy of the documentation to the Manager of Grants & Procurement along with any copies of checks paid to vendors under that purchase order.

B. Small Purchases

Small purchases are purchases of services, supplies, or other property that

- Unidentified bids may be opened solely for the purpose of identification, and then only by an official specifically designated for this purpose;
- If a sealed bid is opened by mistake, the person who opens the bid will immediately write his/her signature and position on the envelope, along with the date and time opened, as well as an explanation of why/how it was opened. The envelope will then be delivered to the Director of Grants & Procurement or the Chief Financial Officer, and will be resealed.

(d) Opening of Bids: The following steps are taken in regard to the opening of bids:

- The Director of Grants & Procurement, Manager of Purchasing & Procurement, or the Manager Grants & Procurement will decide and set the time for public bid opening and will so declare to those present. He/she or a designated official of CARTA will then personally and publicly open all bids received prior to that time, and when practicable, read them aloud to the persons present, and have the bids recorded. The original of each bid will be carefully safe guarded until the Abstract of Bids has been made and its accuracy verified.

Examination of bids by interested persons will be permitted if it does not interfere unduly with the performance of CARTA's business. However, original bids will not be allowed to pass out of the hands of an official of CARTA, unless a duplicate bid is not available for public inspection. In such cases, the original bid may be examined by the public only under the immediate supervision of an official of CARTA, and under conditions which preclude possibility of a substitution, addition, deletion, or alteration in the bid.

- Bids will not be opened if a protest is received within the time limits specified in the protest procedures within this document.

(e) Recording of Bids: All legitimate bids will be abstracted and recorded on the "Abstract to Bids" document. Information recorded will include:

- An identification of the invitation for bids;
- Opening date;
- General description of the item/contract being purchased or sold;
- Names of each bidder;
- Prices bid; and
- Any other information required by bid evaluation.

When the items are too numerous to warrant the recording of all bids completely, entry should be made of the opening date, general description of the material, item number, and the price bid.

The abstract will be completed as soon as practicable after the bids have been opened. When all bids have been opened, the Director of Grants & Procurement, Manager of Purchasing & Procurement, or Manager of Grants & Procurement will so certify on the abstract.

(f) Award of Bids - In the awarding of bids, CARTA will execute the following

actions:

- Unless all bids are rejected, award will be recommended by the Director of Grants and Procurement or Chief Financial Officer to the Board of Directors, to the responsible bidder whose bid, conforming to the invitation for bids, is the lowest bidder. Awards given to "other than lowest bidder" are addressed in a succeeding section in this document. Upon approval by the Board of Directors, the Chief Executive Officer will be authorized to enter into a contract.
- Where the bids sought are for the award of concessions, CARTA will accept the bid of that responsible bidder whose base bid and other material terms, conforming to the invitation for bid will be most advantageous to CARTA, price and other factors considered.
- In the event identical low bids are received, the Director of Grants & Procurement or the Chief Financial Officer may, at his/her discretion, recommend award of the contract equally among the identical bidders, award the bid to the bidder who submitted his/her bid first, or may reject all bids and re-advertise. (See also section on Competition, Non-Collusive Bids and Proposers)
- Awards will be made by mailing or presenting the bidder with a formal award. All provisions of the invitation for bids, including any acceptable additions or changes made by a bidder in the bid will be clearly and accurately set forth (either expressly, or by reference in the formal award document), since the award is an acceptance of the bid, and the bid and award constitute the contract.

(g) Amendment of Invitation for Bids – If, after issuance of an invitation for bids, but before the time for bid opening, it becomes necessary to make changes in quantity, specification, delivery schedules, opening dates, etc., or to correct a defective or ambiguous invitation, such change will be accomplished by issuance of an amendment to the invitation for bids. The amendment will be sent to everyone to whom invitations have been furnished. The following actions will also be taken:

- Before issuing an amendment to an invitation for bids, the period of time remaining until bid opening and the need for extending this period must be considered.
- Where only a short time remains before the time set for bid opening, consideration should be given to notifying bidders of an extension of time by facsimile, telephone, or electronic mail. Such notification should be confirmed in the amendment.
- Acknowledgement of receipt of the amendment of invitation for bid should be received from each bidder.
- Any information given to a prospective bidder concerning an invitation for bids will be furnished promptly to all other prospective bidders, as an amendment to the invitation, if such information is necessary to the bidders in submitting bids on the invitation, or if the lack of such information would be prejudicial to uninformed bidders.
- No award will be made on the invitation, unless such amendment has been issued in sufficient time, to permit all

withdrawal.

- Where the bidder requests permission to correct a mistake in his/her bid, and clear and convincing evidence establishes the existence of a mistake, and as to the bid actually intended, a determination permitting the bidder to correct the mistake may be made; provided that, in the event such correction would not result in displacing one or more lower bids. If the evidence of the mistake, and the bid actually intended are not ascertainable substantially from the invitation and bid itself as opposed to evidence brought to CARTA in response to a request for verification, correction will not be allowed.
- If the evidence is clear and convincing only as to the mistake, but not as to the intended bid, a determination permitting the bidder to withdraw his/her bid may be made.

Where the evidence is not clear and convincing that the bid as submitted was not the bid intended, a determination may be made requiring that the bid be considered for award in the form submitted. (Refer to *FTA Best Practices Procurement Manual*, for further recommendations and clarifications).

(o) Change Order Policy - **Changes to contract agreements after award will be approved by the Chief Executive Officer or the Chief Financial Officer.**

All change orders must be documented in writing, be supported by a written justification, including a cost or price analysis, and signed and dated by the authorized officials. A contract change that is not within the scope of the original contract is considered a sole source procurement.

3. *Request for Proposals (RFP)*²⁴

Large purchases may be procured through competitive proposals/request for proposals, when conditions are not appropriate for the use of sealed bids. This can include conditions when the property or services needed are described in a performance or functional specification; or if described in detailed technical specifications, other circumstances such as the need for discussions or the importance of basing contract award on factors other than price alone are present. In such cases, either a fixed price, or cost reimbursement type contract is awarded. **Prior to utilizing the Request for Proposals process, the Director of Grants & Procurement or the Chief Financial Officer will present the request to the Board of Directors for approval prior to publicizing the Request for Proposals.**

- (a) Publicizing the proposal: Proposals will be advertised in metropolitan newspapers, as well as solicitation from an adequate number of qualified sources. CARTA will also place the Request for Proposals and subsequent addenda on the CARTA website.
- (b) Selection Criteria - CARTA will list, in the request for proposals, the selection criteria. Price should always be a selection criteria.

CARTA may list selection criteria in the request for proposals, in order of priority with weights, if any. This is the preferred method, because if it is not done, CARTA must establish the priority, weights and scoring method on an internal document prior to the day the RFP becomes available to potential proposers.

(c) Evaluation of Proposals: Proposals will be evaluated based on the evaluation criteria, not against other offers. Criteria for evaluation of proposals will be established prior to a request for proposals, and may include:

- Responsibility criteria, such as financial, human, and physical capabilities to perform the contract. (Refer to Best Practices Procurement Manual - Responsibility of Contractor).
- Technical criteria - may include the technical experience of the proposer, the suitability of the products or methods proposed for CARTA's needs, or objective performance criteria (fuel efficiency, percent savings guaranteed, proven ridership increases, etc.).
- Price criteria - price must be evaluated, unless the Brooks Act applies (where price is only considered after the most qualified proposer is selected for procurement of A&E services). Awards will be made to the responsible firm whose proposal is most advantageous to CARTA's program, with price and other factors considered.
- Compliance criteria - will include responsiveness to proposal requirements.
- Management criteria - may include the qualifications of the project managers, the budget and schedule performance proposed and recorded on past projects, and the projected effectiveness of the management plan proposed.
- **The Director of Grants & Procurement, the Manager of Purchasing & Procurement, and the Manager of Grants & Procurement will provide copies of the proposals to the evaluation team. Procurement will evaluate the pricing component (if not a Brooks Act procurement) and provide proposals for the evaluation team to complete independently. The evaluation team may conduct interviews to fully evaluate proposals. During the evaluation period, there will be no discussions between evaluation members or with the proposers. All correspondence will be between Procurement and the firms that submitted proposals.**

(d) Award of Proposals: CARTA will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed agreement. Consideration will be given to such factors as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Additionally, as stated above, awards will be made to the responsible firm whose proposal is most advantageous to CARTA's program with price and other factors considered.

- (e) Request for Revised Proposals: In the event CARTA finds it necessary to revise an initial request for proposal because of deficiencies, the decision to do so will be approved by the Director of Grants & Procurement or the Chief Financial Officer, and the deficiencies must be listed and explained.
- A complete revised proposal, including price (except under the Brooks Act) will be requested from each offeror in the competitive range.
 - Unless explicitly stated otherwise, the revised offer extinguishes the prior offer.
 - The proposer should identify all changes in the revised offer.

CARTA may exercise the right to request revised proposals as many times as necessary in order to obtain the most advantageous offer.

- (f) Discussions and Clarifications (Negotiations): CARTA will exercise its right to hold discussions for clarifications with all offerors in the competitive range. At such time, negotiations and bargaining may be made. At which time, the offeror will have an opportunity to revise or modify his/her proposal. The discussions and negotiations may initially be written or oral, with appropriate documentation following the discussions. Strict confidentiality in such cases will be maintained. Emphasis will be made known to the offeror, that the name and number of proposals received is not normally considered a public record and need not be released to competitors or the public at large.

- (g) Request for Best and Final Offer: A best and final offer (BAFO) may be requested from each offeror in the competitive range at the conclusion of discussions (negotiations) with those offerors. If an offeror does not respond to the request, CARTA may consider the most recent offer to be the best and final offer. The request for best and final offer will include:
- Specific notice that discussions are concluded;
 - Notice that this is the opportunity for the offeror to submit a best and final offer;
 - A definite, common cutoff date and time that allows a reasonable opportunity for the preparation and submission of the best and final offer, and
 - Notice that the final offer must be received at the place designated by the time and date set in the request and is subject to any provisions dealing with the submissions, modifications, and withdrawals of proposals set forth in the solicitation.

Following receipt of the best and final offers, officials of CARTA will evaluate them in accordance with terms of the solicitation and recommend award **to the Board of Directors in** accordance with those terms. CARTA will make every attempt to submit only one request for best and final offer,

confidential and may not be accessible by or provided by the group of agencies that share cost data, except by written permission of the audited firm. Before requesting or using cost or rate data, CARTA should notify the affected firm and also obtain permission to provide that data in response to a valid request under applicable State law.

6. Design-Bid-Build

The design-bid-build procurement method requires separate contract for design services and for construction.

7. Design-Build

The design-build procurement method consists of contracting for design and construction at the same time with contract award to a single contractor, consortium, joint venture, team, or partnership that will be responsible for both the project's design and construction.

8. Procurement by Other than Full and Open Competition (Noncompetitive Proposals/Sole Source)

Sole source procurements are procurements accomplished through solicitation or acceptance of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. A contract amendment or change order that is not within the scope of the original contract is also considered a sole source procurement that must comply with the guidelines below. **Any sole source procurements will be reported to the Board of Directors at the next regularly scheduled Board meeting.**

a. General Guidelines for Other than Full and Open Competition

Procurement by noncompetitive proposals may be used when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:

1. Competition Adequacy: After soliciting several sources, FTA expects CARTA to review its specifications to determine if they are unduly restrictive or if changes can be made to encourage submission of more bids or proposals. If it is determined that the specifications are not unduly restrictive and changes cannot be made to encourage greater competition, CARTA may determine the competition to be adequate. A cost analysis must be performed prior to award.

2. Sole Source: When CARTA requires supplies or services available from only one responsible source, and no other supplies or services will satisfy its requirements, a sole source award may be made. This can occur through a unique capability or availability from the contractor or through a single bid or proposal. If a determination has been made to solicit an offer from only one source, the justification for this decision will be in writing.

- i. Unusual and Compelling Urgency: to include when the public exigency or emergency will not permit a delay resulting from competitive solicitation for the needed property or services.
- ii. Authorized by FTA

Less than full and open competition is not justified based on CARTA failure to plan or limited availability of federal assistance (i.e., pending expiration of grant funds).

b. Procurement Procedures: for less than full and open competitive procurements involves soliciting offers from as many sources as possible; providing a sole source justification if it is decided to solicit a proposal from only one source; preparing or obtaining a cost analysis; and submitting for preaward review to FTA if requested.

9. Awards to Other than the Lowest Bidder

CARTA may award a third party contract to other than lowest bidder, when such an award is in the best interest of CARTA.³⁴

10. Acquisition of Real Property

CARTA will comply with the "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Program,"⁴⁹ CFR Part 24, and FTA Circular **5010.1F** when purchasing real property.

11. Leasing Project Property to Another Party

In the event CARTA chooses to lease property purchased with federal funds to another party, CARTA agrees to retain ownership of the property, and assure that the lessee will use the property appropriately, either through a "Lease and Supervisory Agreement," or another similar document. Upon request by FTA, CARTA agrees to provide a copy of any relevant documents.

VII. Protest Procedures

Protests concerning CARTA's purchasing policies, the contract requirements, the specifications, the bidding procedures, or the contract award, or any other request for explanation or clarification must be submitted in writing to the **Director of Grants & Procurement** and must include the following information:

- The name and address of the protester.
- The name and telephone number of the protester's contact person having responsibility.

A complete statement of the grounds of the protest with full documentation of the protester's claim.

A. Pre-award Protests

Pre-award protests must be received by CARTA no less than ten (10) working days before the scheduled bid opening. CARTA will respond to the protest in writing and render its final decision at least five (5) working days prior to bid opening. CARTA will report such protests to the FTA regional office.

B. Post-award Protests

Post-award protests will be received no later than five (5) working days after notification of the award bid. CARTA will have ten (10) working days after receipt of the formal protest package to evaluate, and issue a response, except in cases where the original bid has been awarded by the Board. In such cases, the decision to protest will be handled at the next regularly scheduled Board meeting, following completion of the staff review of the protests. CARTA will report such protests to the FTA regional office and keep FTA apprised as to the 'status' of such protest.

C. Appeals to FTA

It is the responsibility of CARTA to settle contract issues and disputes. CARTA is committed to using good sound administrative practices and business judgments, as well as professional ethics. Reviews of protests by FTA will be limited to alleged failure by CARTA to have followed proper protests procedures, or its failure to review a complaint or protest. Protesters dissatisfied with CARTA's final decision may appeal to FTA regional or Headquarters Office within five (5) working days of the date the protester knew or should have known of the violation.

VIII. Contract Administration System

CARTA will actively manage all contracts. This is primarily done by the leadership team member that orders or is responsible for the work. The Director of Grants & Procurement, Manager of Purchasing & Procurement, and the Grants & Procurement will maintain contract files, including terms of payment. Any on-going contract administration files will be the responsibility of the assigned leadership team member.

Leadership team members and Accounts Payable will be provided terms of payment so that associated invoices can be approved for payment. Any invoices that don't match previous approved terms of payment are the responsibility of the leadership team member to resolve.

CARTA will schedule internal audits on a quarterly basis to ensure that payments are reconciled to purchase orders.

were executed within five years of the original agreement execution date.

All other contracts (supply, service, leases of real property, revenue, construction, etc.) should be based on sound business judgment. If it is determined that it would be beneficial to enter into a contract for greater than 5 years (the current average for a contract), **approval by the Board of Directors will be required.**

B. Purchasing Extended Warranties with Capital Grant Funds

CARTA may purchase extended warranties with capital grant funds. However, FTA's Best Practices Procurement Manual encourages grantees to evaluate the cost of an extended warranty through a separate analysis from the acquisition costs so that the best business decision may be made.

In the case of warranty provisions for bus procurements, CARTA will adopt the American Public Transit Association's (APTA) Standard Bus Procurement Guidelines, which have been accepted as industry standard by FTA, and are summarized as follows:

- Complete Bus - 1 year or 50,000 miles
- Body and Chassis (structural integrity) - 3 years or 150,000 miles
- Body and Chassis (corrosion/fatigue) - 12 years or 500,000 miles
- Propulsion System (i.e. engine, transmission, axles) - 5 years or 300,000 miles
- Major Subsystems (i.e. brakes, signs, heat, A/C, doors, air compressor/dryer, W/C lifts, ramps, starter, alternator) - 3 years or 150,000 miles

All RFPs, IFBs, and other solicitation documents and contracts will be maintained in the procurement files for purchase of such warranties or extended services.

C. Payment Provisions In Contracts

1. Using Advance Payments

CARTA will not enter into any contractual agreement to pay any or part of the payments prior to costs incurred by the contractor, unless prior written concurrence is obtained from the FTA Administrator.

2. Using Progress Payments

Progress payments are defined as payment for contract work that has not yet been completed. CARTA may use FTA assistance for progress payments as long as CARTA obtains adequate security for the payments and has sufficient written documentation to authenticate the work for which payment is requested. The Common Grant Rules require that any progress

advertising, concessions (food and news stands), use of right-of- ways, licenses, and land and property leasing. CARTA will adhere to the following conditions regarding such contracts:

- No contract award will be entered into for any period beyond 5 years, with the exception of land or property leases, which may be extended beyond 5 years with approval by the Board of Directors;
- CARTA will use competitive selection procedures for award of such contracts if there is limited availability of the asset. CARTA has discretion in entering into revenue contracts that are available to multiple parties at any time; and
- CARTA will not exclude Disadvantaged Business Enterprises (DBEs) from participating in business opportunities by entering into long-term, exclusive agreements with non-DBEs for the operation of major transportation-related activities or major activities for the provision of goods and services.

B. Use of Time and Materials Type Contracts

CARTA will use time and materials type contracts only:

- After a determination that no other type contract is suitable; and
- If the contract specifies a ceiling price that the contractor will not exceed except at its own risk.

XII. Methods for Performing Cost and Price Analyses

CARTA will conduct a cost or price analysis in connection with every procurement action, including contract modifications.

A. Cost Analysis

1. When to Perform a Cost Analysis

A cost analysis will be performed when:

- The offeror is required to submit the elements (i.e., Labor Hours, Overhead, Materials, etc.) of the estimated cost, e.g., under professional consulting and architectural and engineering services contracts; or
- Adequate price competition (2 or more bids or proposals) is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public, or on the basis of prices set by law or regulation.

A price analysis may be used in all other instances to determine the reasonableness of the proposed contract.

2. Cost Analysis Process

TO: CARTA Board of Directors
CARTA Executive Committee

FROM: Annie Powell
Director of Grants and Procurement

SUBJECT: Procurement Report

RECOMMENDED ACTION

Staff recommend that the Board approve the following requests related to procurement. Approval of procurements under Section A authorizes the Chief Executive Officer to enter contracts with recommended vendors.

A. Board Approval of New Procurements over \$50,000

1. Incline Engineering Services

- Details: requesting a five-year agreement with CSR Engineering, Inc. for a not to exceed amount of \$250,000 for engineering services for the Incline Railway to include inspections of track, trestles, buried trestles, guard timbers, ties, roadbed, switch points, retaining walls and adjacent rock faces; specifications, drawings, and contract preparations; and administrative services such as contract administration, construction inspection, and construction management
- Procurement Method: Request for Proposals for professional services contracts (Brooks Act Method) – this method requires that proposals be evaluated for award based on evaluation criteria that does not include pricing; pricing is reviewed for reasonableness once consultants have been selected
- Number of Proposals Returned: 1
- Term of Contract: five years

B. Board Approval of the Use of the Request for Proposals Process

Staff requests approval for the following procurements to utilize the Request for Proposals process. The current scope of work for these procurements requires that evaluation criteria other than price be considered when awarding contracts for these services/

1. On-site Collection Services for Drug and Alcohol Testing
2. On-site DOT Physicals
3. Graphic Design and Typesetting
4. Security Guard Services

C. Report on Sole Source Procurements

N/A

D. Report on Emergency Procurements

N/A

ALIGNMENT WITH STRATEGIC GOALS

This action aligns with CARTA's strategic imperatives of Fiscal Accountability and Compliance.

SUMMARY OF NEED

Approval of this item will allow CARTA to enter agreements for the above item A1.

BACKGROUND AND HISTORY

On September 19, 2024, the CARTA Board of Directors formally adopted resolution 606, which established formal guidelines on the contracting authority of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Approval of this resolution set thresholds for contract execution authority at \$50,000 for the CEO and CFO. Any transactions above \$50,000 will require approval of the Board of Directors. This Procurement Report or an updated version thereof will be presented to the Board of Directors for approval of any contracts that meet this threshold.

Further, CARTA received recommendations from recent audits indicating that the Board of Directors should also approve the use of the Request for Proposal process instead of a sealed bid process and that CARTA staff should report on any sole source and emergency procurements that take place between each Board meeting. As reported in previous meetings, these items have been added to the Procurement Report as a template and will be reported in future Board meetings.

PROCUREMENT OVERVIEW

A1. Incline Engineering Services

- On January 24, 2025 CARTA released a formal Request for Proposals (RFP) for Incline Engineering Services. CARTA advertised this procurement in the Chattanooga-Times Free Press and included a link to the RFP on CARTA's website and sent the RFP to two firms. CARTA also provided the RFP to the Builders Exchange of Tennessee and Deltek Public Records, a government contracting site. During the last procurement, there was also only one proposal received, and CARTA does not believe it could have done anything further to cause a second proposal to be received. The unique nature of the Incline Railway most likely prompted other firms not to submit a proposal
- CSR Engineering has worked with CARTA for many years. Their proposal demonstrated the qualifications, experience and sufficient staff for the work outlined in the RFP. CARTA has had direct experience of their past record of performance related to inspections and preparation of bid documents for needed work.

FISCAL IMPACT

The fiscal impact of this action is listed below:

A1. Incline Engineering Services – CSR Engineering

- Hourly rates for Incline engineering services were provided by CSR Engineering for various positions. The top hourly rate for 2025-6 is \$150 per hour for principal engineer. This is consistent with existing pricing provided by CSR Engineering and is less in comparison to the architectural and engineering price proposals that have been received recently for the planning services contracts where the top hourly rate for similar positions was \$325 per hour for a similar position (engineer II). As hourly rates are lower than CARTA has received for a similar position, CARTA considers their pricing to be fair and reasonable.
- Estimated costs for engineering services are approximately \$50,000 for an average year. Upon approval, CARTA will enter into a not-to-exceed contract amount of \$250,000 over the five-year period. CARTA will utilize Section 5337 and Section 5307 funds from the Federal Transit Administration. FTA provides 80% of the costs, and CARTA provides 10% through its local capital budget and 10% through an allocation from the Tennessee Department of Transportation.

DBE PARTICIPATION

A1. Incline Engineering Services: A DBE goal was not applied to this contract.

TO: CARTA Board of Directors
Executive Committee

FROM: Annie Powell
Director of Grants and Procurement

SUBJECT: Approval of Fiscal Year (FY) 2026 Capital Budget

RECOMMENDED ACTION

Staff recommends that the Board approve the preliminary capital budget for fiscal year 2026.

ALIGNMENT WITH STRATEGIC GOALS

This action aligns with CARTA's strategic imperatives of Fiscal Accountability and Transparency.

SUMMARY OF NEED

Approval of this item will allow CARTA to formally submit a preliminary capital budget for FY 2026 to local funding partners.

BACKGROUND AND HISTORY

A preliminary capital budget has been developed, identifying funded capital projects for FY 2026 of \$14,152,644 and unfunded capital projects in the amount of \$43,425,446. CARTA intends to submit a request for \$2,856,936 to the city of Chattanooga for 10% of the unfunded FY 2026 capital needs with a request for commitment of approximately \$1,800,000 for FY 27 if CARTA is awarded a \$14 million grant for the replacement of electric shuttle buses. CARTA has also submitted a request to Hamilton County for \$620,000 for 10% local match for specific unfunded capital needs. For fiscal years 2027-2030, CARTA has budgeted \$28,064,203 total, and approximately \$5,800,000 of that amount is projected to be funded.

PROCUREMENT OVERVIEW

N/A

FISCAL IMPACT

CARTA has budgeted \$14,152,644 in funded capital projects for FY 2026 and will develop competitive grant applications for unfunded capital projects in the amount of \$43,425,446.

DBE PARTICIPATION

N/A

2026-2030 Capital Budget

Item	Department	Project	Funding Allocated	2026 Remaining Needed	2026	2027	2028	2029	2030	Total	Remaining Needed	Notes
	Administration	Painting Administration Offices	50,000	-	50,000	-	-	-	-	50,000	-	
	Administration	Recarpeting Administration Offices	75,000	-	75,000	-	-	-	-	75,000	-	
	Administration	Support Vehicles Replacement	75,000	-	75,000	35,000	40,000	40,000	40,000	230,000	155,000	
	Administration	Website Redesign	40,000	-	40,000	-	-	-	-	40,000	-	
	Care-A-Van/CARTA GO	12th Street Call Center Communications Equipment	75,000	-	75,000	-	-	-	-	75,000	-	
	Care-A-Van/CARTA GO	Generator	100,000	-	100,000	-	-	-	-	100,000	-	
	Care-A-Van/CARTA GO	Paratransit and CARTA Go Vehicle Replacement (21 Vehicles)	399,333	2,330,667	2,730,000	200,000	200,000	200,000	200,000	3,530,000	3,130,667	competitive grant opportunity; 369,920 for electric replacements
	Care-A-Van/CARTA GO	Radio Base Stations for Care-A-Van and Shuttle Park South	20,000	80,000	100,000	-	-	-	-	100,000	80,000	
	Care-A-Van/CARTA GO	Vehicles - Expansion	-	780,000	780,000	-	-	-	-	780,000	780,000	
	Facilities	Architectural/Engineering Services	250,000	-	250,000	50,000	50,000	50,000	50,000	450,000	200,000	
	Facilities	Flooring - Epoxy Bus Barn and Shop	-	-	-	300,000	-	-	-	300,000	300,000	
	Facilities	HVAC Replacement at Board Building	-	400,000	400,000	-	-	-	-	400,000	400,000	
	Facilities	Replace Security Cameras	208,530	-	208,530	208,530	208,530	208,530	208,530	1,042,650	834,120	
	Facilities	State of Good Repair	18,272	281,728	300,000	300,000	350,000	350,000	350,000	1,650,000	1,631,728	
	Fixed Route	Automatic Passenger Counting Reporting Software	-	67,389	67,389	43,742	45,801	-	-	156,932	156,932	
	Fixed Route	Bus (2) - Articulated for Eastgate/Hamilton Place Route	-	2,800,000	2,800,000	-	-	-	-	2,800,000	2,800,000	Low-No/Bus grant opportunity
	Fixed Route	Bus Shelter Technology	-	150,000	150,000	150,000	150,000	150,000	150,000	750,000	750,000	
	Fixed Route	Bus Shelters (50)	68,445	244,555	313,000	313,000	313,000	313,000	313,000	1,565,000	1,496,555	
	Fixed Route	Bus Signs (1,000)	-	75,000	75,000	25,000	25,000	25,000	25,000	175,000	175,000	
	Fixed Route	Fare Technology Replacement	1,380,272	1,019,728	2,400,000	-	-	-	-	2,400,000	1,019,728	pending Title VI analysis for cash free on buses; budget assumes replacing fareboxes currently
	Fixed Route	Handheld Radio Chargers for Supervisor Vehicles	40,000	-	40,000	-	-	-	-	40,000	-	
	Fixed Route	Infrastructure for Electric Bus Transition	-	6,975,000	6,975,000	-	-	-	-	6,975,000	6,975,000	Low-No/Bus grant opportunity
	Fixed Route	Install of Inductive Chargers at 2 locations	-	-	-	400,000	-	-	-	400,000	400,000	
	Fixed Route	Mobility Hubs	-	500,000	500,000	500,000	250,000	250,000	500,000	2,000,000	2,000,000	competitive grant opportunity
	Fixed Route	Operational Dashboard Software	-	55,300	55,300	45,300	45,300	-	-	145,900	145,900	
	Fixed Route	Operations Management Software	-	-	-	430,000	-	-	-	430,000	430,000	
	Fixed Route	Purchase of Inductive Chargers for 2 locations	-	-	-	1,048,100	-	-	-	1,048,100	1,048,100	
	Fixed Route	Radio Console for Dispatch	-	200,000	200,000	-	-	-	-	200,000	200,000	
	Fixed Route	Real Estate	-	1,800,000	1,800,000	200,000	200,000	200,000	200,000	2,600,000	2,600,000	
	Fixed Route	Replacement Electric Bus Batteries	-	-	-	-	-	500,000	500,000	1,000,000	1,000,000	
	Fixed Route	Vehicle Replacement	7,749,722	7,800,000	15,549,722	4,200,000	1,950,000	1,950,000	1,950,000	25,599,722	17,850,000	\$7,749,722 for electric vehicles replacing diesels; assuming replacement of all vehicle past service life
	Incline	Drive Technology	75,000	-	75,000	500,000	500,000	-	-	1,075,000	1,000,000	
	Incline	Elevator - Replacement at the Upper Station	-	-	-	100,000	-	-	-	100,000	100,000	
	Incline	Engineering Services	40,000	-	40,000	40,000	40,000	40,000	40,000	200,000	160,000	
	Incline	Fence - Replacement at Incline Lower Station	30,000	-	30,000	-	-	-	-	30,000	-	
	Incline	Floor Covering at the Upper Station	50,000	-	50,000	-	-	-	-	50,000	-	
	Incline	Fuel Rocket Light	4,000	-	4,000	-	-	-	-	4,000	-	
	Incline	Generator for Cable Cut	4,500	-	4,500	-	-	-	-	4,500	-	
	Incline	Handrails - Painted at the Upper Station	30,000	-	30,000	-	-	-	-	30,000	-	
	Incline	Misc. Bridge & Track Work	-	-	-	-	150,000	150,000	-	300,000	300,000	
	Incline	Platform - Replaced at the Lower Station	25,000	-	25,000	-	-	-	-	25,000	-	
	Incline	Rail Replacement Along Entire Track	330,000	-	330,000	630,000	480,000	480,000	-	1,920,000	1,590,000	
	Incline	Repaint Lower Station	40,000	-	40,000	-	-	-	-	40,000	-	
	Incline	Sheave Replacement	40,000	-	40,000	40,000	10,000	10,000	10,000	110,000	70,000	
	Incline	Spot Replacement of Ties Along Entire Track	-	-	-	200,000	-	-	-	200,000	200,000	
	Incline	Timber and Stone Repairs (Trestles 2-6)	150,000	-	150,000	-	-	-	-	150,000	-	
	Incline	Trestle 1 Repairs	-	-	-	100,000	-	-	-	100,000	100,000	
	IT	Cabling	20,000	-	20,000	-	-	-	-	20,000	-	
	IT	Computer Replacements	20,000	-	20,000	20,000	20,000	20,000	20,000	100,000	80,000	
	IT	Computer Stations for Operations & Maintenance (8)	12,500	-	12,500	-	-	-	-	12,500	-	
	IT	Cradlepoint Replacement	-	200,000	200,000	10,000	10,000	10,000	10,000	240,000	240,000	
	IT	Server Replacement	-	-	-	-	200,000	-	-	200,000	200,000	
	IT	Switches, ASA, miscellaneous hardware (5 Years)	25,000	-	25,000	25,000	25,000	25,000	25,000	125,000	100,000	
	Maintenance	Air Compressor - Shop Service Truck	4,000	-	4,000	-	-	-	-	4,000	-	
	Maintenance	Bench Grinder	2,000	-	2,000	-	-	-	-	2,000	-	
	Maintenance	Fuel Management System	24,570	-	24,570	11,340	12,000	12,000	12,000	71,910	47,340	
	Maintenance	Fuel Meter - Service Lane	500	-	500	-	-	-	-	500	-	
	Maintenance	Generators for Shop and Bus Barn	200,000	-	200,000	-	-	-	-	200,000	-	
	Maintenance	High Lift Wheelpull	6,000	-	6,000	-	-	-	-	6,000	-	
	Maintenance	Maintenance Bus Vacuum	250,000	-	250,000	-	-	-	-	250,000	-	
	Maintenance	Maintenance Replacement Lifts (2)	90,000	-	90,000	-	-	-	-	90,000	-	
	Maintenance	Replacement Shelving for Store Room	-	100,000	100,000	150,000	-	-	-	250,000	250,000	
	Maintenance	Sprinkler Replacement	-	-	-	500,000	-	-	-	500,000	500,000	
	Maintenance	Tire Changer	22,000	-	22,000	-	-	-	-	22,000	-	
	Parking	Sealing at Shuttle Park North	-	370,000	370,000	-	-	-	-	370,000	370,000	
	Planning	Business Services	50,000	150,000	200,000	50,000	50,000	50,000	50,000	400,000	350,000	
	Planning	Design & Construction Services	100,000	-	100,000	300,000	50,000	50,000	50,000	550,000	450,000	
	Planning	Transit Facility Assessment & Design	75,000	-	75,000	50,000	50,000	50,000	50,000	275,000	200,000	
	Planning	Transit Management Support	50,000	50,000	100,000	50,000	50,000	50,000	50,000	300,000	250,000	
	Planning	Transit Operations & Service Planning	1,325,000	300,000	1,625,000	50,000	50,000	50,000	50,000	1,825,000	500,000	
	Planning	Transit Safety, Training, and Security	100,000	-	100,000	60,000	60,000	60,000	60,000	340,000	240,000	
	Planning	Transit Technology Support	200,000	-	200,000	60,000	60,000	60,000	60,000	440,000	240,000	
	Planning	Transit Vehicles & Maintenance Support	50,000	-	50,000	50,000	50,000	50,000	50,000	250,000	200,000	

2026-2030 Capital Budget

Item	Department	Project	Funding Allocated	2026 Remaining Needed	2026	2027	2028	2029	2030	Total	Remaining Needed	Notes
	Planning	Workforce Development	50,000	50,000	100,000	50,000	50,000	50,000	50,000	300,000	250,000	
	Shuttle	Autonomous Vehicle Kit (1)	-	400,000	400,000	-	-	-	-	400,000	400,000	
	Shuttle	Maintenance Lifts (2)	90,000	-	90,000	-	-	-	-	90,000	-	
	Shuttle	Shuttle Park North Passenger Amenities	-	20,000	20,000	20,000	20,000	20,000	20,000	100,000	100,000	
	Shuttle	Shuttle Park South Passenger Amenities	-	20,000	20,000	20,000	20,000	20,000	20,000	100,000	100,000	
	Shuttle	Traction Battery Replacement	-	50,000	50,000	50,000	-	-	-	100,000	100,000	
	Shuttle	Vehicle Expansion (3)	-	1,000,000	1,000,000	-	-	-	-	1,000,000	1,000,000	
	Shuttle	Vehicle Replacement (14)	-	14,856,079	14,856,079	-	-	-	-	14,856,079	14,856,079	Low-No/Bus grant opportunity
	Training	Bus Simulator	-	300,000	300,000	-	-	-	-	300,000	300,000	
	Training	Learning Management System	18,000	-	18,000	20,000	22,500	22,500	22,500	105,500	87,500	
		Total	14,152,644	43,425,446	57,578,090	11,605,012	5,807,131	5,516,030	5,136,030	85,642,293	71,489,649	

TO: CARTA Board of Directors
CARTA Executive Committee

FROM: Scott Wilson
Chief of Staff

SUBJECT: Approval of Fiscal Year (FY) 2026 Operating Budget

RECOMMENDED ACTION

Staff recommends that the Board approve the preliminary operating budget for fiscal year 2026.

ALIGNMENT WITH STRATEGIC GOALS

This action aligns with CARTA's strategic imperatives of Fiscal Accountability and Transparency.

SUMMARY OF NEED

Approval of this item will allow CARTA to submit the preliminary operating budget for year ending 6/30/2026 to the City of Chattanooga and Hamilton County municipalities for contribution requests.

BACKGROUND AND HISTORY

Annually, staff develops the operating budget based on the prior year's activity and planned areas of improvement. The preliminary suggested budget of \$32,739,818 represents a 9.55% increase from last year and utilizes \$974,765 of ARPA funds. This budget includes various improvements and revenue increases.

Key expense changes include:

- Health insurance increase of 5%
- Workers compensation insurance increase of 8%
- Key positions including IT Specialist, Planning Manager, Service Supervisors, Customer Service Manager, Customer Service Representatives, and others
- Service enhancements including Secret Shopper Service and Incline Brush Removal Services
- 3% cost of living adjustment for employees.

Key revenue adjustments include:

- City of Chattanooga request of \$1.3 million (15% above FY25)
- Hamilton County request for Fixed Route and Care-A-Van support
- Red Bank request for Care-A-Van support
- Est Ridge request for Care-A-Van support
- Care-A-Van fare increases ranging between \$.50 - \$1.50
- Carta GO fare increase ranging between \$.50 - \$1.50
- Parking revenue increase ranging between <-.50> - \$.50
- Incline fare increase of \$3 for adults, with no increase for children

FISCAL IMPACT

\$32,739,818 balanced operating budget for the year ending 6/30/2026.

CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY
JULY 1, 2025 TO JUNE 30, 2026

PRELIMINARY OPERATING BUDGET

	<u>Fixed Route</u>	<u>Incline</u>	<u>Care-A-Van</u>	<u>Shuttle</u>	<u>Parking</u>	<u>Total</u>	<u>2025 Budget</u>	<u>Change</u>	
<u>OPERATING REVENUE</u>									
Passenger Revenue	1,267,824	5,652,471	128,204	8,080	-	7,056,579	5,840,916	1,215,663	20.81% Fare adjustments (Incline, Care-A-Van, CARTA Go)
Special Route Guarantee	586,188	-	-	-	-	586,188	571,687	14,501	2.54% Increase in UT Mocs contract
Advertising Revenue	158,410	-	-	-	-	158,410	153,410	5,000	3.26% COA bus bench advertising
Concession Revenue	-	312,436	-	-	-	312,436	312,436	-	0.00% Incline concessions sales
Parking Garage Revenue	-	-	-	1,779,740	-	1,779,740	1,650,200	129,540	7.85% Based on actual annualized
Parking Lots Revenue	-	228,000	-	-	1,185,596	1,413,596	1,219,598	193,997	15.91% Based on actual annualized
Parking Meters Revenue	-	-	-	-	2,729,640	2,729,640	2,064,000	665,640	32.25% Meter pricing adjustments
Parking Enforcement Revenue	-	-	-	-	1,400,000	1,400,000	1,340,000	60,000	4.48%
Rent Revenue	14,400	-	-	88,962	-	103,362	103,137	225	0.22% River City, Coca Cola, Shift, Parking
PM & Unit Overhaul - State	421,789	42,520	15,898	-	-	480,206	472,179	8,027	1.70% Increase due to FTA grant increases
PM & Unit Overhaul - Federal	3,514,905	354,330	132,484	-	-	4,001,719	3,934,828	66,891	1.70% Increase due to FTA grant increases
American Rescue Plan	974,765	-	-	-	-	974,765	2,085,532	(1,110,767)	-53.26% Residual ARPA funding
FTA/Federal Grants & Reimb Reven	172,161	41,600	612,777	-	-	826,538	860,431	(33,892)	-3.94%
State Grants & Reimb Revenue	7,698	3,623	54,098	-	-	65,418	69,030	(3,612)	-5.23% Decrease due to State 10% matching FTA grant
Local Operating Assistance	7,956,000	-	422,360	-	-	8,378,360	6,300,000	2,078,360	32.99% Requests to County (\$583k), City (\$1.3M), Red Bank (\$20k), East Ridge (\$130k)
State Operating Assistance	2,105,629	-	-	-	-	2,105,629	2,548,220	(442,591)	-17.37% Derease due to State formula based on census
Planning (JARC)	347,521	-	-	-	-	347,521	341,712	5,809	1.70% Increase due to FTA grant increases
Other Operating Revenue	6,076	9,659	-	-	3,976	19,711	19,584	127	0.65% Interest, Tower and Antenna
Total Operating Revenue	17,533,365	6,644,638	1,365,821	1,876,782	5,319,212	32,739,819	29,886,901	2,852,918	9.55%
<u>OPERATING EXPENSES</u>									
Operations	11,848,811	1,126,804	3,405,506	1,034,146	138,337	17,553,604	15,863,526	1,690,079	10.65%
Maintenance	4,289,829	681,622	262,357	1,259,249	116,408	6,609,464	6,323,923	285,542	4.52%
General Administration	3,483,458	1,182,403	661,243	588,077	2,661,570	8,576,750	7,699,452	877,297	11.39%
Total Operating Expenses	19,622,098	2,990,829	4,329,105	2,881,471	2,916,315	32,739,818	29,886,901	2,852,918	9.55%
Net Operating Revenue	<u>(2,088,733)</u>	<u>3,653,809</u>	<u>(2,963,284)</u>	<u>(1,004,689)</u>	<u>2,402,897</u>	<u>0</u>	<u>(0)</u>	<u>-</u>	

**Budget Changes
FY2026**

**Dept Category of Impact
PRELIMINARY OPERATING BUDGET**

All Expenses:

Health Insurance 5%	123,316	All	Employee Benefits	Version I
Workers compensation Insurance 8%	45,403	All	Insurance	Version I
PL & PD Insurance 5%	2,227	All	Insurance	Version I
Auto Liability Insurance 5%	25,064	All	Insurance	Version I
Employee 3% Cost of Living Adjustment (COLA)	408,513	ALL	Wages	Version I
Employee 1% carryover from 2025 negotiations	136,682	ALL	Wages	Version I
Care-A-Van driver adjustments from 2025 negotiations	71,926	71	Wages	Version I
Taxes and Pension	152,120	ALL	Employee Benefits	Version I
IT Management Services	70,000	03	Administration	Version I
Secret Shopper Service	20,000	01	Fixed Route	Version IV
Incline Brush Removal Services	50,000	94	Incline	Version D
Parking collection	345,112	43	Parking	Version I
Fixed Route FT Dispatchers (2) - coverage for all service hours	130,000	01	Fixed Route	Version II
Safety & Training Supervisor (1) - coverage for all service hours	70,000	01	Fixed Route	Version IV
Electric Vehicle Specialist FT (1) - necessary for battery electric bus inventory	68,565	02	Maintenance	Version II
Road Supervisor FT (1) - coverage for all service hours	55,000	01	Fixed Route	Version E
Road Supervisor FT (1) - coverage for all service hours	55,000	71	Care-A-Van	Version E
Shuttle Operator FT (1) - minor service expansion	56,581	81	Shuttle	Version D
Information Operator Care-A-Van FT (1) - required for ADA/Paratransit scheduling compliance	55,000	71	Care-A-Van	Version II
One Receptionist Care-A-Van FT (1) - coverage for consolidated microtransit / paratransit call center	45,000	73	Care-A-Van	Version II
Planning Manager FT (1)	80,000	03	Administration	Version IV
IT Specialist FT (1)	95,000	03	Administration	Version IV
Customer Service Manager FT (1)	75,000	03	Administration	Version IV
Community Outreach Specialist Bilingual FT (1)	45,000	03	Administration	Version II
Taxes and Pension	204,631			Version II

Revenue Adjustments

City of Chattanooga Request	1,345,000	01	Fixed Route	Version II
Hamilton County Request	311,000	01	Fixed Route	Version D
Hamilton County Request	272,720	71	Care-A-Van	Version D
Projection for increased Care-A-Van fare changes ranging from \$.50 to \$1.50	28,568	71	Care-A-Van	Version D
Projection for increased Care-A-Van for Red Bank to direct cost	12,936	71	Care-A-Van	Version IV
Projection for increased Care-A-Van for East Ridge to direct cost	92,664	71	Care-A-Van	Version IV
Projection for increased Care-A-Van Premium same-day countywide service pilot (contingent on HC)	20,000	71	Care-A-Van	Version D
Projection for increased Carta GO fare changes ranging from \$.50 to \$1.50	105,000	01	Fixed Route	Version IV
Projection for increased Chatt State contract increase of 10%	1,500	01	Special Route Guarantee	Version IV
ARPA Funds	974,765	01	Fixed Route	Version IV
Projections for increased Care-A-Van (Regional) fare changes ranging from \$1.00 to \$2.00 (Red Bank/East Ridge)	5,940	71	Care-A-Van	Version A
Projection for increased Parking rate changes ranging from minus \$.50 to \$.50 based on zone utilization	450,640	43	Parking	Version E
Projection for increased Incline Fares of \$3 for adults only (no change to youth tickets)	335,995	91	Incline	Version E