

Minutes
Finance, Administration and Oversight Committee
April 10, 2008

Mr. Benjamin called the meeting to order at 10:02 a.m. Present were:

Committee Members

Mr. Peter Benjamin, Chair
Mr. Christopher Zimmerman
Mr. Jim Graham
Mrs. Catherine Hudgins
Mr. Emeka Moneme
Ms. Elizabeth Hewlett
Mr. Gordon Linton
Mr. Jeff McKay
Mr. Anthony Giancola

Approval of Agenda

The agenda was approved as submitted.

Minutes

The minutes of March 13, 2008 were approved.

Mr. Catoe advised the Committee that his budget proposal for FY09 will have to be revised because of the increasing cost of diesel fuel and electrical power. The cost of diesel as well as electricity has increased significantly, which will result in a revision in the request for funding for fuel and electricity. He also advised the group that he will revise his budget request for FY09 to add twenty-five additional police officers and three sergeants. Mr. Catoe reported he has advised his executive and financial staff to make reductions in other areas of the budget to compensate for these areas where additional financial support is needed. Mr. Benjamin asked if the changes would require any changes in subsidy, or be subsidy neutral. Mr. Catoe responded that the proposed revisions will be made mindful of jurisdictional funding concerns.

Information Items

A. Fiscal End-of-Year Operating Expenditures Trend

Mr. Harcum presented end-of-year operating trends for fiscal years 2004-2007. In response to the Committee's request for spending trends specifically focused on the end of the fiscal year, he explained end-of-year spending has shown

consistent patterns throughout the year, but that non-personnel spending had more end-of-year spikes than in the personnel accounts. However, this trend has been improving over time. Data for FY07 showed marked improvements, with consistent, stable spending over all quarters, and with no evidence of end-of-year spending variations.

B. Analysis of Reduction-In-Force Cost Savings

Mr. Woodruff presented an overview of cost savings generated by the reduction-in-force. He explained that 254 positions will be eliminated in three phases by FY09, resulting in savings of \$11 million in operating and \$9 million in capital costs in FY09, with savings continuing in subsequent fiscal years.

In response to a question from Mr. Graham, Mr. Catoe explained that in order to maximize the number of sworn officers in the system, the police chief is creating a redeployment plan, along with plans to hire twenty-five new police officers and three sergeants. Executive staff has been instructed how much they will have to reduce their budgets to fund this initiative, and cuts are expected in all departments except service, maintenance and safety. Mr. Benjamin said it would be helpful for evaluating the budget if the Committee could be provided with staffing levels by department in order to compare FY08 and FY09 staffing.

C. Conversion of Reimbursable Projects to Regional Service

Mr. Harcum initiated a discussion of the future status of four reimbursable projects. These are projects that are specifically funded by one sponsoring jurisdiction and are excluded from funding considerations of the general budget. Two bus projects, the Georgia Avenue Rapid Bus and the College Park-Bethesda service, meet the definition of a regional route as defined by the Regional Mobility Panel and adopted by the Board. In addition, two rail projects, the Yellow Line extension to Fort Totten and the Red Line turn-backs at Grosvenor are nearing the completion of an 18-month demonstration program, and decisions must be made on whether these projects should continue, and if so, how they should be funded. Mr. Zimmerman noted that just because a route meets the regional criteria does not mean that the Board will automatically classify it as regional, and requested that the Committee be provided with an analysis of the performance of these four reimbursable projects. In addition, there was discussion on the need for policy and procedures to determine how demonstration projects are established, what criteria will be used to determine if they should be rolled into the regional formula, and at what point this is done. Mr. Benjamin suggested that future demonstration projects should only be approved for implementation if the sponsoring jurisdiction outlines what will happen to the program at the conclusion of the demonstration period.

D. Accounting for Other Post-Employment Benefits

Mr. Harcum reviewed the assumption included in the FY09 budget that adds \$5 million to pre-fund existing Other Post-Employment Benefits and noted that a Board policy to pre-fund or not pre-fund will be required prior to the start of FY09.

E. Responses to Committee Requests

Mr. Woodruff reviewed a series of questions and requests from the March 13, 2008 Committee meeting. Mr. Benjamin requested that at the next meeting, staff provide a review of the Department of Information Technology's budget, including the effects of the reorganization, staffing changes and details of expenses and capital projects. Mr. Graham requested an overview of the costs associated with the Papal visit on April 14, 2008, along with details of off-setting revenue. Mrs. Hudgins requested an explanation for the increases in the Fairfax County subsidy from FY08 to FY09. Finally, staff will return with estimates of year-end inventory values for the past three fiscal years.

F. FY08 Monthly Financial Report (February 2008)

Mr. Harcum stated that revenue in February as a result of the fare change was \$6.2 million above budget. For the month, rail revenue increased \$5.5 million, bus revenue increased \$0.4 million and parking revenue was \$0.9 million above budget. Per agreement, this \$6.2 million will be reserved for use in FY09. Ridership for the month was above projections for bus, rail and MetroAccess, and in general, there seems to have been little or no negative impact to ridership as a result of the recent fare increase. Mr. Zimmerman requested that the March report highlight capital work currently going on at the Pentagon City Metrorail station.

The meeting was adjourned at 11:43 a.m.