

Minutes
Finance, Administration and Oversight Committee
May 8, 2008

Mr. Benjamin called the meeting to order at 9:10 a.m. Present were:

Committee Members

Mr. Peter Benjamin, Chair
Mr. William D. Euille, Vice Chair
Mr. Christopher Zimmerman
Mr. Jim Graham
Mr. Emeka Moneme
Ms. Elizabeth Hewlett
Mr. Gordon Linton
Mr. Jeff McKay

Approval of Agenda

The agenda was approved as submitted.

Minutes

The minutes of April 10, 2008 were approved as submitted.

Action Items

A. Approval of the Staff Report and Recommendations on the Proposed Restructuring of Metrobus Routes 30, 32, 34, 35, 36

Mr. Bottigheimer requested the Committee approve the staff report and recommendations on the regional Metrobus routes which comprise the Pennsylvania Avenue Line. Costs for the restructuring will be offset by implementing minor service reductions on Regional Routes 70 and 71. He asked that the proposed General Manager's budget for FY09 be increased to add five new street supervisors at an annual cost of \$400,000 and allocated based on the Regional Bus Formula.

Mr. Zimmerman inquired if there is an internal policy on how Metrobus supervisors are allocated. Mr. Catoe explained that Gayland K. Moffat and Associates is currently assessing this issue, including the number, deployment and reporting responsibilities of street supervisors to ensure that resources are utilized in the most effective manner.

B. Annual Disadvantaged Business Enterprise (DBE) Goal

Staff outlined the process used to develop the annual DBE goal of 25% and reviewed Metro's DBE performance (goal and actual) from FY06 to present. Staff also requested permission to initiate the mandated 45-day public comment period on the DBE goal.

Mr. Graham moved approval, Ms. Hewlett seconded, and the motion was unanimously approved.

Information Items

A. FY09 Service Improvements

Mr. Francis presented an overview of proposed service improvements for FY09. Mr. Benjamin reminded the Committee that as part of the fare increase proposal, prior to submission of the proposed FY09 budget, the Board voted to reduce service improvements. Mr. Woodruff reported that as the budget process progressed, the General Manager restored some necessary improvements and these improvements, along with the changes to the four reimbursable routes, have been in the base budget since it was released in January 2008.

Mr. Benjamin asked that metrics and goals be designed to measure the efficiency and effectiveness of the additional \$2.6 million investment in the MetroAccess call center. He also summarized a previous Board discussion regarding the sale of the Southeastern Bus Garage. He noted that this item is in the budget as an expenditure, and the District of Columbia has agreed to fund those costs until such time as a replacement site has been approved.

B. Ridership and Passenger Revenue Analysis

Mr. Woodruff presented an overview of FY09 ridership and passenger revenues. He noted that the fare increase is generally producing revenues as expected, with no significant loss in ridership. Staff will continue to monitor rail and parking revenues but no change is expected in FY09 projections. For Metrobus, staff will reduce the FY09 projection by \$2.2 million due to underlying shortfalls in ridership that were occurring prior to the fare increase.

B. Funding Strategy for Urgent Unfunded Capital Needs

Mr. Francis reported that the Board requested staff to evaluate existing Metro Matters projects and identify where spending could be reallocated to projects where there is the greatest need. A total of \$109 million has been identified.

Mr. Benjamin noted that these revisions are realistically looking at what can and cannot be accomplished within existing funding, and asked that staff provide a report on actual expenditures in early July.

C. Review of Operating Budget Adjustments

Mr. Woodruff reviewed the proposed adjustments to the FY09 Budget. There are two categories of budget adjustments: service adjustments that must be approved by the Board requiring \$5.9 million in additional subsidy, and a net of \$4.4 million in adjustments proposed by Mr. Catoe which are offset by \$4.4 million of additional revenue and are subsidy neutral.

E. Remaining Unanswered Board Questions

Mr. Woodruff reviewed the Board's questions and requests from the March and April Committee meetings, including discussions regarding claims payouts, the IT line item budget and position shifts and changes resulting from reorganizations and restructuring.

F. Evaluation of Reimbursable Projects

Mr. Woodruff provided additional information regarding converting four reimbursable projects into regionally-funded service and including them in the operating budget. He explained that two bus projects, the Georgia Avenue Rapid Bus and the College Park-Bethesda service could be converted to regional service in accordance with the definition established by the Regional Mobility Panel.

Mr. Woodruff explained that two rail projects, the Yellow Line Extension and the Red Line turn-backs are nearing the end of a Board-approved 18-month demonstration. If converted to regional service, the \$3.2 million in subsidy for the Yellow Line currently paid for by the District of Columbia and the \$1.5 million for the Red Line paid for by Maryland would be shared by all jurisdictions.

Mr. Benjamin moved that the subsidy allocation presented in March 2008 be recognized as the limit for all jurisdictions with the exception of the funding to

pay for deadheading at Southeastern. He also moved approval of the staff report and recommendations on the restructuring of Metrobus Pennsylvania Avenue Line, without the additional \$400,000 for street supervisors.

Mr. Zimmerman seconded, and the motion was unanimously approved.

G. FY08 Monthly Financial Report (March 2008)

Mr. Woodruff reviewed the March 2008 financial report, and noted that at the end of the third quarter the operating budget continues to report favorable results. The year-to-date subsidy result is \$6.9 million less than budget, caused largely by expenses being under budget by \$8.9 million through the end of March. Analysis of revenue and ridership indicates that the fare increase has not caused any significant loss of ridership or measurable changes in ridership patterns. In addition, the fare increase is producing the expected amount of rail and parking revenue.

The meeting was adjourned at 11 a.m.