

**APPROVAL OF MINUTES**

**DECEMBER 14, 2006**

**BUDGET COMMITTEE  
JANUARY 11, 2007**

**Minutes  
Budget Committee  
December 14, 2006**

Mr. Graham called the meeting to order at 1:05 p.m. Present were:

**Committee Members**

Mr. Jim Graham, Chair  
Mr. Gordon Linton, Vice Chair  
Mr. Marion Barry  
Mr. Raymond Briscusco  
Mr. Charles Deegan  
Mr. Dana Kauffman  
Ms. Gladys Mack  
Mr. Christopher Zimmerman

**Other Board Members Present**

Ms. Michelle Pourciau  
Mr. Marcell Solomon

**Approval of Agenda**

The agenda was approved as submitted.

Mrs. Mack stated that the Budget Committee meeting was postponed until this time so that staff and Board members could attend the funerals of two Metro employees who lost their lives while performing their duties. Mrs. Mack asked for a moment of silence.

**Approval of Minutes**

The minutes were approved unanimously.

**Information Items**

**A. General Manager's Fiscal 2008 Proposed Operating and Capital Budgets**

Mr. Requa provided an overview of the proposed \$1.2 billion FY08 operating budget. He discussed the proposed 5.3% subsidy increase, and the major items driving the budget including service expansion, base adjustments, and inflation. The incoming General Manager has asked for a consultant to review the organizational structure and to recommend efficiencies that can be incorporated into the FY08 budget. To balance the budget, a fare increase, the first in three years was proposed along with management actions to reduce expenses.

Mr. Woodruff continued the operating budget presentation by discussing the details of cost increases including \$18 million for bus, rail, and paratransit service expansion, \$29.2 million in workers compensation and third party liability, pension funding and utility rate increases, and \$69.2 million for compensation, health insurance, information

technology and general inflation.

Mr. Graham stated that he would be unable to support any fare increase or change in fare policy until the Board had taken every possible step to address the budget shortfall by other means. He proposed that the Chief Financial Officer review and advise the Board on the following actions:

- Increase the cut in administration budgets from 5% to 10%,
- Eliminate some percentage of vacant yet funded administrative positions,
- Eliminate non-union pay increases for FY08,
- Reduce consulting budgets an additional 10%,
- Review the 200 jobs which pay in excess of \$100,000 in base salary,
- Carefully review the \$10.6 million budgeted for inflation, and
- Eliminate "take home" cars, which currently number 60.

Other Committee members agreed that staff must examine all options before any fare increase is implemented, and must review bus service standards, compensation policy and technology to increase efficiency and reduce costs. Any reduction in service should be considered as the last option before implementation of any fare increase.

Mr. Woodruff discussed the FY08 proposed Capital Improvement Program (CIP) totaling \$734 million, and stated that Metro Matters will continue as planned. The CIP focuses on maintaining Metro's infrastructure, trains and buses and continuing maintenance and rehabilitation. A capital budget with detailed project sheets would be presented to the Board in January. Mr. Woodruff discussed the next steps in the budget process, which will include detailed discussions of major policy issues.

## **Action Items**

### **A. Metro Memorial Initiative**

Mr. Hendricks asked the Committee to approve a resolution adopting the rules and funding for the Metro Memorial Scholarship Fund for \$100,000, and \$50,000 for the creation of memorials at the Jackson Graham Building and the Carmen E. Turner Maintenance and Training Facility, funded with FY06 operating budget surplus funds. The scholarship and memorials are designed to honor WMATA employees who have died in the line of duty and to assist with the education of their minor children. Mr. Kauffman asked that staff look into constructing one of the memorials at a transfer station, and Mr. Deegan suggested Board member participation on the scholarship fund Board of Administrators. The action was unanimously approved.

### **B. Reserve Remainder of Fiscal 2006 Operating Budget Surplus to Operating Reserve**

Mr. Harcum asked the Committee to approve a resolution to add the \$2.7 million FY06 operating budget surplus to the existing operating reserve to offset an expected FY07

operating budget deficit. Mr. Briscusco requested that the surplus be refunded to the jurisdictions in accordance with audit procedures. The item was withdrawn from action.

### **C. Approve Office of Information Technology Strategic and Business Plan**

Mr. Burfield asked the Committee to approve the implementation of the Office of Information and Technology (OIT) Business and Strategic Plan and initiate and award \$11.875 million in contracts and modifications in FY07. Mr. Harcum explained that the expenditures for OIT were needed now, not in future years as previously planned. Mrs. Mack stated that she was briefed on the details of this action. Mr. Kauffman requested that staff provide details before the Board of Directors' next meeting on other project expenditures totaling \$12 million that could be advanced. The action was approved with Mr. Graham abstaining.

## **Financial Reports**

### **A. Monthly Financial Report – October 2006**

Mr. Harcum stated that bus and rail ridership growth increased over last October, but rail was still below budget levels.

The meeting was adjourned at 2:30 p.m.