

**MINUTES
BOARD BUDGET COMMITTEE
December 8, 2005**

Mrs. Mack called the meeting to order at 9:25 A.M. Present were:

Committee Members

Mrs. Gladys W. Mack
Mr. Dana Kauffman
Mr. Christopher Zimmerman
Mr. Jim Graham
Mr. Robert J. Smith
Mr. Marcell Solomon

Other Board Members

Mr. Daniel Tangherlini
Mrs. Catherine Hudgins
Mr. Gordon Linton

Minutes from November 10, 2005

Mr. Kaufmann moved approval of the minutes; Mr. Smith seconded. The minutes were approved without change.

I. Information Items:

A. Monthly Financial Report – September 2005

Staff reported the highlights for September Financials. For the month, the total revenue of \$52.2 million was \$3.9 million higher than projected. Year-to-date total revenue was up \$8.7 million, with the largest contribution of \$6.1 million from passenger revenues. For September, the expenses were over the budget by \$2.5 million. Nearly half of the overrun contributed by the diesel prices and the rest was from the labor overrun. The year-to-date ridership was up 6.3% for Metrorail, and the bus ridership was up 3.1%. Staff also noted that the Metrorail weekend ridership for the month was 23% over the last year, with the largest increase in Saturday ridership.

B. Status Report on Performance Based Budgeting

Staff provided the progress update of the budget process improvement and business plan requested by the Board. Staff reported that WMATA staff and the Jurisdictional Coordinating Committee staff had met to coordinate and to develop the timeline for the implementation. Most transit agencies do not use consultants to develop the process and it is likely that it will be done by WMATA staff, with assistance from other transit agencies to validate the process. Staff indicated the draft business and process improvement plans, and the recommendations on performance measures should be ready in time for incorporating into the FY08 Board budget guidance. Various Committee members made suggestions for getting inputs from the jurisdictional Chief Financial Officers and for the staff to consider using outside consultants or subject matter experts to assist in getting the tasks completed. Mrs. Mack wanted to know

when the detailed scopes would be provided to the Committee. Staffed responded that the detailed scopes should be ready for review by the Committee in 30 days.

C. Proposed FY07 Operating and Capital Budgets

Mr. White presented the operating budget that met all the Board guidance. Mr. White also stated that the detailed budget had been published and would be distributed today for review by the Board. Changes to the budget since the staff presented to the Committee in September were highlighted. The revenue re-estimate resulted in a change to a higher revenue estimate of \$14 million; the expense went up by \$4 million due to a series of adjustments. The total subsidy went down from \$471 million to the current \$461 million. Mr. White also presented options of \$12.7 million which are above the guidance for living wage, bus and rail improvements.

The capital program budget was presented briefly by Mr. White who stated that the Metro Matters Program was successfully implemented in accordance with the budget and schedule.

Several Committee members suggested that the budget information should be made available to interested groups such as RAC and MetroRider.Org, and to hold a budget public hearing prior to approval of the budgets by the Board. Mr. Graham suggested that the living wage of \$11.60 per hour should be increased to \$11.75 if funding could be identified. Mr. Graham also suggested a higher increase of the fixed route usage for MetroAccess, and to make SmarTrip cards available for the program to better serve paratransit patrons. Mrs. Mack stated that she was pleased with the proposed bus service improvements included in the proposed budget, and would like for the Committee to find a way to fund the bus improvements above the guidance. Mrs. Mack also suggested that the health insurance should also be required along with the living wage proposal. Mr. Zimmerman requested for staff to update the Committee on advertising revenue and its spending plan. In reference to the living wage, Mr. Zimmermann asked for staff to provide actual detailed contract proposals to him.

II. Action Items:

A. Amend FY06 Infrastructure Renewal Program (IRP) and Approval of Project Actions

Staff requested for approval to use \$35.5 of the \$45.2 made available from available interest earnings and remaining funds from the FY04 and prior IRP. The requested funds will be used for Information Technology Renewal Program (ITRP), Carmen E. Turner (CET) Facility Build-Out, Fire Alarms Systems, and Regional Fare Integration projects. The staff also requested the Committee to approve and forward all of the project actions, except for Regional Fare Integration project, to Board for approval. Mr. Graham asked for detailed information on the CET project and motioned to approve only for the Fire Alarm project and postponed the remaining projects. Mr. Zimmermann seconded the motion. Mrs. Hudgins stated that the ITRP should also be considered since it was critical due to contract deadline. Mrs. Mack suggested that each project should be voted separately and called for a vote for motion to divide. The motion to

divide was approved unanimously. Mrs. Mack called for a vote for going forward with the Fire Alarm project which was approved unanimously. Mr. Graham restated his initial motion to postpone the CET project until the requested analysis and cost estimate in detail were submitted for review by the Committee. Mr. Zimmerman moved; Mr. Kauffman seconded, and it was approved unanimously. Mrs. Hudgins moved the ITRP project; Mr. Zimmerman seconded, and it was approved unanimously. Mrs. Hudgins moved Regional Fare Integration for going forward; Mr. Smith seconded. Mr. Zimmerman added to the motion that it would be contingent upon the ratification of regional software maintenance agreement between WMATA and cubic that would be acceptable by all partners. Mr. Linton also added to the motion for Cubic to make a presentation to brief the Board. The motion was approved unanimously with Mr. Graham requested for abstention.

The meeting was adjourned at 12:30 P.M.