

APPROVAL OF MINUTES

JANUARY 11, 2007

**BUDGET COMMITTEE
FEBRUARY 8, 2007**

**Minutes
Budget Committee
January 11, 2007**

Mr. Graham called the meeting to order at 9:40 a.m. Present were:

Committee Members

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

Other Board Members Present

Mrs. Catherine Hudgins
Mr. Marcell Solomon

Approval of Agenda

The agenda was approved as submitted.

Mr. Requa stated that WMATA was cooperating with the National Transportation Safety Board's (NTSB) investigation of the January 7, 2007 Metrorail derailment at Mt Vernon Sq 7th St-Convention Center. The NTSB's scope of investigation includes all the derailments that occurred since 2000 when the first 5000 series railcars were placed into service. In response to questions from the Committee, Mr. Requa stated that no timetable for the NTSB's report has been developed, and that he believed WMATA personnel responded as fast as possible and notified the proper first responders.

Approval of Minutes

The minutes were approved unanimously.

Action Items

A. Amend FY07 System Access/Capacity Program for Glenmont Parking Structure

Mr. Heines requested Committee approval to initiate and award a design/build contract for the Glenmont Parking structure. Montgomery County will fund the project and the SAP will be amended by \$22,300,000 from \$42,537,000 to \$64,837,000. Mr. Linton moved approval, Mr. Deegan seconded, and the action was unanimously approved.

B. Amend FY07 System Access/Capacity Program for Replacement of Southeastern Bus Garage

Mr. Dittmeier requested Committee approval to establish a project for the Southeastern Bus Garage, establish a \$500,000 budget for a feasibility study and early actions and amend the SAP by \$500,000 from \$64,837,000 to \$65,337,000. Mr. Graham moved approval, Mr. Deegan seconded, and the action was unanimously approved.

Information Items

A. Preliminary Dulles Financial Plan

Mr. Harcum presented the status of the Dulles extension Phase 1 (Wiehle Avenue Extension). The operating and maintenance costs will be validated prior to Committee and Board approval in March. Mr. Kauffman provided a resolution by the Fairfax County Board of Supervisors and noted that items 3, 4, and 5 address the concerns of WMATA and Fairfax County. These provisions include Fairfax County and WMATA's role as financial partners as owner/operator, the need for transparency and accountability, and the need for both partners to participate in intergovernmental agreements.

Mr. Linton moved approval of the three provisions, Mr. Kauffman seconded and the motion was unanimously approved. Mr. Graham requested that the Committee receive final fiscal impact information prior to the March approval action.

B. Monthly Operating Financial Report – November 2006

Mr. Harcum stated that for the first five months of the fiscal year, revenue was \$5.4 million below budget and expenses were \$7.1 million below budget, resulting in a \$1.7 million surplus. If expenses exceed the budget later in the fiscal year, the 1% contingency reserve fund will be used.

FY08 Budget Review

A. Review of Deferred Revenue

Ms. Smith presented an overview of deferred revenue, which is defined as payment for services not yet performed. WMATA's deferred revenue is associated with the sale of fare media. Currently 3% of passenger sales is used to calculate the amount of unused fare media each month. Ms. Smith recommended increasing the amount to 5% in FY08, which would increase the amount of passenger revenue by \$12.1 million.

B. Operating Contingency Reserves

Mr. Harcum presented an overview of the current board policy of a 1% contingency reserve, and a selection of other transit authority's reserve amounts.

C. Review of Inflation

Mr. Harcum discussed the 3% inflation rate assumption, which is calculated from the Consumer Price Index.

FY08 Budget Review Schedule

Mr. Graham and Mrs. Mack asked staff to revise the schedule to include the RAC and MetroRiders.org input, and to rephrase the wording to allow the Board to make decisions on the issue of whether to go forward with a fare increase.

The meeting was adjourned at 11:15 a.m.