

APPROVAL OF MINUTES

February 8, 2007

**FINANCE, ADMINISTRATION AND OVERSIGHT COMMITTEE
APRIL 12, 2007**

Minutes
Finance, Administration and Oversight Committee
February 8, 2007

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

Committee Members

Mr. Jim Graham, Chair
Mr. Gordon Linton, Vice Chair
Mr. Charles Deegan
Mr. Dana Kauffman
Mr. Christopher Zimmerman
Mr. Raymond Briscusco
Mr. William Euille

Other Board Members Present

Mrs. Catherine Hudgins
Mr. Marcell Solomon

Approval of Agenda

The agenda was approved as submitted.

Approval of Minutes

The minutes were approved unanimously.

Information Items

A. FY07 Monthly Operating Financial Report (December 2006)

Mr. Harcum stated that revenues, expenses and subsidy were under budget by 2% through December. Rail ridership is growing, but only at 1%. Bus ridership is growing at 2% on weekdays, and 9% on weekends. Mr. Linton requested additional information on bus growth in the next report.

B. FY07 Quarterly CIP Financial Report (Second Quarter)

Mr. Harcum stated that expenditures in the Infrastructure Renewal Program (IRP) are now 100% on budget. The rail car and bus programs have experienced some delays but expenditures will begin to track closer to budget. Through the first half of FY07, the CIP budget is \$300 million and expenditures are nearly \$200 million. Debt is less than budgeted, and cash on hand has been expended. Mr. Harcum noted that, for the first time, detailed capital project budget sheets have been included in the package.

FY08 Budget Review

A. Remaining Requested Budget Analysis Incorporated into Organizational Review Currently Underway

Mr. Woodruff stated that the consultant's organizational review will include an analysis of vacancy reductions, additional administrative cuts, professional and technical reductions, and the cost of take home vehicles.

B. Budget Changes and Policy Discussions

Mr. Woodruff discussed \$12.1 million in proposed reduced expenditures available by modifying deferred revenue recognition and stated that staff would return to the Committee with additional policy discussions prior to adoption of the FY08 budget.

Action Item

A. Recommendation to Defer Action on FY08 Fare and Service Adjustments

Mr. Catoe requested approval to defer action on fare and service adjustments until the organizational review is completed. He stated that every position and all spending is under review and that the capital program review would include restructuring revenues. Mr. Zimmerman moved approval, and Mr. Euille seconded the motion.

Mr. Graham stated that examining a range of options to reduce the budget deficit before proposing fare and service adjustments was a prudent approach. Mr. Linton discussed a progressive fare structure proposal in which SmarTrip® cards could be distributed free of charge to customers, by using a portion of the \$12.1 million available from deferred revenue. In response to questions about the timetable for the process, Mr. Catoe responded that the schedule to review the recommendations from the organizational review and the steps required to initiate a proposed fare increase starting at the beginning of FY08 required an aggressive approach. Mr. Catoe stated that the timeline will provide about 30 days before the Committee will have to make decisions about moving forward with fare and service proposals with the public.

The motion was unanimously approved.

Subsequent Finance, Administration and Oversight Committee Agenda

The subsequent agenda was not discussed.

The meeting was adjourned at 10:30 a.m.