

Revised Minutes
Finance, Administration and Oversight Committee
April 12, 2007

Mr. Graham called the meeting to order at 10:20 a.m. Present were:

Committee Members

Mr. Jim Graham, Chair
Ms. Elizabeth Hewlett
Mr. Christopher Zimmerman
Mr. Emeka Moneme
Mr. Peter Benjamin
Mr. Dana Kauffman
Mr. William Eulle
Mr. Gordon Linton
Mrs. Catherine Hudgins
Mr. Anthony Giancola

Approval of Agenda

The agenda was approved as submitted.

Approval of Minutes

The minutes were approved unanimously.

Action Items

Mr. Graham requested that two action items be added to the agenda: Amend FY07 SAP for Replacement of Southeastern Bus Garage and Police Training Facility and Authorize Negotiations to Amend Metro Matters Funding Agreement to Include Bus Expansion. Following a discussion, the first item was added to the agenda.

A. Amend FY07 SEP for Largo Project Close-Out Legal Fees

Mr. Harcum requested Committee approval of a resolution to amend the FY07 SEP by \$2,340,000 to fund Largo legal fees. Ms. Hewlett moved approval, Mr. Benjamin seconded, and the motion was unanimously approved.

B. Amend FY07 SAP for Replacement of Southeastern Bus Garage and Police Training Facility

Mr. Dittmeier requested Committee approval of a resolution to amend the FY07 SAP by

\$6,359,764, to establish a project for the MTPD training facility and combine it with the Southeastern Bus Garage replacement project and to authorize supplemental tasks to the on-call consultant. The proposed funding will provide project management and consultant services for a new bus garage and police facility to be built on 16 acres at D.C. Village. Staff will return to the Planning, Development and Real Estate Committee in May with a financial plan, general plans and information on costs for CNG buses. Mr. Moneme moved approval, and Mr. Giancola seconded the motion. Mr. Graham amended the motion to delay further action on the project until there is an approved final plan to relocate a homeless shelter at D.C. Village. A discussion followed on the \$6.3 million budget, the schedule and phases of construction. The amendment was unanimously approved. There was no action on the main motion.

Information Item

A. FY07 Monthly Operating Financial Report (January 2007)

Mr. Harcum presented bus ridership data and stated that most bus growth was occurring in the Maryland and Virginia suburbs. Through January, subsidy is exactly on budget, and revenue and expenditures are below budget. Preliminary February data is showing a budget overrun which is expected to continue for the balance of the fiscal year. The Board has previously approved a reserve which would cover any year end overrun. Mr. Benjamin noted that the apparent decline in rail ridership was, as noted in the detailed documents, an artifact of our accounting change. Mr. Harcum answered him that this affected only four days in this fiscal year and would not recur next year.

FY08 Budget Review

A. Status of Organizational Assessment

Mr. Catoe stated that Gayland Moffat Associates, the consultant hired to conduct the organizational assessment, will present their final report on April 16, 2007. Structural issues found during the review will be fixed, staff reductions to non-operating functions are proposed, and the changes will occur during the next few weeks. Mr. Catoe stated that each Board member will receive a copy of the consultant's full report. In response to Mr. Benjamin's question, Mr. Woodruff stated that a full FY08 budget will be presented to the Committee in May. Jurisdictional subsidies will remain very close to the proposed budget numbers identified in December.

B. Policy On Reserve Balance for Claims

Mr. Woodruff discussed the recent history on claims and stated that the FY08 budget for claims reserve is \$29.3 million. As part of the resolution approving the FY08 budget, staff will recommend to annually budget reserve contributions at a level sufficient to maintain the reserve balance equal to 20% of the next year's actuarial estimate. Mr. Benjamin noted that staff already has this authority under the existing claims reserve

policy.

C. Living Wage Policy

Mr. Graham requested that this item be discussed as part of the FY08 budget action.

Subsequent Finance, Administration and Oversight Committee Agenda

The meeting was adjourned at 11:30 a.m.

Minutes
Finance, Administration and Oversight Committee
May 10, 2007

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

Committee Members

Mr. Jim Graham, Chair
Mr. Marcell Solomon
Ms. Elizabeth Hewlett
Mr. Christopher Zimmerman
Mr. Peter Benjamin
Mr. Emeka Moneme
Mr. William Euille
Mr. Marion Barry
Mrs. Catherine Hudgins
Mr. Anthony Giancola

Approval of Agenda

The agenda was approved as submitted.

Approval of Minutes

Mr. Benjamin revised the minutes of April 12, 2007. The revised minutes will be presented for approval at the June 14, 2007 Committee meeting.

Action Items

A. Reimbursable Project for Clean Renewable Energy (Solar Program)

Mr. Harcum requested Committee approval of a resolution to add a reimbursable project to the FY08 System Access/Capacity Program (SAP) for a clean renewable energy solar program, including \$14.67 million in bonding authority. Mr. Benjamin presented the Committee with a revised resolution to include language on the sources of funds for the interest and principal components, and noted that WMATA faces a small risk with this project. Mr. Garback addressed the Committee's questions on the risk and the value of installing solar equipment in WMATA's facilities. Mr. Giancola requested that more cost benefit information be presented in the future. The action was unanimously approved.

B. Federal FY08 Annual DBE Goal

Mr. Brown requested Committee approval of a 45-day period for public comment regarding the proposed Annual Disadvantaged Business Enterprise (DBE) goal for Federal FY08. The goal is 25%, including 2% race neutral and 23% race conscious on Federal funding of \$234.5 million. In response to questions, Mr. Brown provided information on previous years' DBE goals and actual performance. Mr. Brown also discussed plans to aggressively pursue the 25% goal in FY08 by offering four seminars to DBEs. Ms. Hewlett moved approval, Mr. Barry seconded, and the motion was unanimously approved.

FY08 Budget Review

A. FY08 Operating Budget Update

Mr. Catoe stated that in January he directed a review of all expenditures in order to close the projected budget gap of \$116 million. The FY08 budget reflects these actions and actions that the Board will be asked to take in June to approve the budget. The proposed budget includes no fare increase or reductions in service. Several one-time revenues including \$40 million from the proceeds of construction litigation, and no replenishment of the \$12 million operating reserve, will close the budget gap. Mr. Catoe described the budget as fragile, and a one-time fix.

In response to Mr. Benjamin's question on the FY09 budget, Mr. Harcum stated that the Committee will receive a pro-forma budget for FY09 by the next meeting. In response to Mr. Benjamin's question about using the \$40 million construction litigation settlement for the operating budget, Mr. Catoe described an accounting process of applying the settlement to the 5000 series rail car account and transferring tax advantaged lease proceeds to the operating budget, a process that will require a Board resolution. The Federal Transit Administration has also been working with staff to accomplish this by the June Board meeting. Mr. Catoe stated that he will provide various FY09 fare options to the Committee in the fall. In response to Mr. Benjamin's question on deferred revenue, Mr. Harcum stated that he would provide the presentation on that subject to Mr. Benjamin.

B. RAC Recommendations on FY08 Budget

Mr. Snyder, Riders' Advisory Council (RAC) Chairman, presented the recommendations of the RAC for FY08 and stated that the recommendations could be used in formulating the FY09 budget. He presented recommendations on SmarTrip® policy, fare policy, late night service, retail/rental policy, and advertising policy. Mr. Graham thanked the RAC for its work. Mr. Graham requested a report from staff on the response to proposals for retail/rental policy options.

Information Items

A. FY07 Monthly Operating Financial Report (February 2007)

Mr. Harcum stated that year-to-date, the budget is experiencing a \$3.9 million overrun. There is a \$10 million reserve to cover the overrun; however, this may not cover the year-end overrun. Bus and rail ridership is about 1% higher than last year but below budget. In response to Mr. Benjamin's question on the pension plan overrun, Mr. Harcum responded that the Local 689 actuarial statement has just hit the FY07 budget, and has been built into the FY08 budget proposal.

B. FY07 Quarterly CIP Financial Report (Third Quarter)

Mr. Harcum stated that the IRP was ahead of planned spending, that the rail car program spending was behind but picking up due to more car deliveries, that the bus program spending was behind due to issues with the West Ox Bus Garage, and that debt service was less than planned levels.

The meeting was adjourned at 11:20 a.m.