

**MINUTES
BOARD BUDGET COMMITTEE
October 13, 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. Robert J. Smith
Mr. Charles Deegan
Mr. William D. Euille

Other Board Members

Mr. Daniel Tangherlini

Minutes from September 15, 2005

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

I. Information Items:

A. Monthly Financial Report – July 2005

Staff highlighted the July financials which were favorable to budget at the subsidy line. Total revenues for the month were \$1.8M favorable to budget and expenses for the month were favorable to budget by \$2.8M. The ridership gains seen in fiscal 2005 on Metrorail continued into fiscal 2006. A favorable performance in health insurance claims and less than anticipated paratransit volume contributed largely to the expense results. Staff cautioned that the positive variance of \$4.6 million in jurisdictional subsidy for the month did not indicate similar expectations for the remainder of the year. Energy costs continued to climb as in fiscal 2005. Expectations are for significant unfavorable performance in this category throughout the year. Staff indicated that continued strong ridership and revenues should aid in mitigating these overruns.

B. Washington Nationals Expense and Revenue Report

Staff provided an update on the expense and revenue associated with rail service for Washington National games for the 2005 season. Forty-five percent of fans used Metrorail to attend games with a season total of 1.9 million trips. Revenue of \$3.0 million and the expense of \$2.8 million was reported. Mr. Kauffman suggested that staff explore marketing and advertising opportunities associated with the baseball service. Staff noted that it was difficult to determine bus ridership associated with baseball, but indicated that there was a plan to work with the new ownership to promote the use of bus service to the game.

II. Action Items:

A. Metro Matters Funding Agreement Capital Projects Reprogramming Policy

Staff proposed to amend the existing reprogramming policy for projects included in the Metro Matters Funding Agreement. The existing policy addresses an obligation-based budget and is only for the Infrastructure Renewal Program. Further, under existing policy, any reprogramming over \$200K requires Board approval. The Metro Matters program converts from an obligation to an expenditure-based budget. The amendment would provide staff with greater flexibility in cash management to move funding between line items and program elements based on changing expenditure needs. Staff indicated that Board approval would still be required under certain conditions. Mr. Zimmerman asked for a comparison of the existing policy and the proposed policy. Mr. White responded that the amended policy would lift the threshold limit of \$200K and would be less burdensome administratively. Several Board members expressed that they were unsure why an amended policy was needed. Mr. Tangherini suggested that the proposed policy be restructured to strike a balance between Board concerns and staff streamlining objectives. Mr. Smith referred to the Metro Matters agreement and stated that he believed that only the State of Maryland could directly deal with any modifications. After further discussion, Mrs. Mack recommended that the staff prepare more detailed materials and come back to the Committee for consideration. There was no action taken for this request.

III. Action Item – Professional and Technical Services

A. Initiate and Award Appraisal Services Contract

Staff requested authority to initiate and award a contract for an appraisal service to support processing of claims involving Authority related to vehicular accidents. The contract would have one base year and four option years starting in FY06. The cost in FY06 is estimated to be \$90k. The funds for FY06 are included in the approved budget. The option years were estimated to be \$90k each year as well. Mrs. Mack questioned whether awarding of the option years is subject to contractor's performance. Staff responded that unless the base year contract was performed satisfactorily, the option years would not be exercised. Mr. Deegan moved approval. Mr. Kauffman seconded. The motion passed unanimously.

The meeting was adjourned at 10:25 AM.