

**ITEM 12-B.1**

**(8 PAGES)**

**POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION**

**RESOLUTION**

**MOTION:** \_\_\_\_\_

**RESOLUTION NO. 09-02-\_\_\_\_\_**

**SECOND:** \_\_\_\_\_

**OFFICIAL COMMISSION MEETING  
FEBRUARY 11, 2009**

**RE: APPROVAL OF PRTC FY 2009 BUDGET REVISION #1**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission (PRTC) adopted the FY 2009 budget in the amount of \$36,294,631 at its June 5, 2008 Commission meeting; and

**WHEREAS**, with the completion of the FY 2008 audit, grant funds from the FY 2008 budget which were not spent by the end of the fiscal year can be carried forward to FY 2009; and

**WHEREAS**, FY 2009 budget adjustments are also necessary to account for FY 2009 grant awards that differ from assumed amounts in the adopted FY 2009 budget and to properly reflect revenue and expense activity; and

**WHEREAS**, the budget adjustments collectively increase the FY 2009 budget by \$8,433,000 and do not require any increases to jurisdictional subsidies.

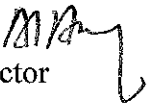
**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the revision of its FY 2009 budget from \$36,294,631 to \$44,727,631.



Potomac and Rappahannock  
Transportation Commission

14700 Potomac Mills Road  
Woodbridge, VA 22192

February 11, 2009

TO: Chairman May and Commissioners  
FROM: Alfred H. Harf   
Executive Director  
RE: Approval of PRTC FY 2009 Budget Revision #1

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Recommendation:

Approve PRTC FY 2009 budget revision #1.

Background:

The PRTC FY 2009 budget in the amount of \$36,294,631 was approved at the June 5, 2008 Commission meeting. A mid-year adjustment is in order now that the FY 2008 audit has been completed and accepted to account for: (1) remaining grant funds from various federal and state grants (including buses; intern; youth outreach; and state capital grants from FY 2006, 2007, and 2008) that can be carried forward to FY 2009; (2) differences between FY 2009 grant amounts actually received versus the amounts assumed as part of the originally adopted budget (i.e., state formula, capital, ridesharing, intern, federal 5307 and Homeland Security funding); and (3) budget adjustments to properly reflect revenue and expense activity.

All told, these adjustments increase the FY 2009 budget by \$8,433,000.

Significant proposed revisions are highlighted below:

1. State funding – The FY 2009 budget assumed \$3,900,000 in state formula funding. DRPT's six year improvement program approved in June 2008 included \$4,356,520, or \$456,520 more than budgeted. Since these state funds had been approved, the resultant favorable revenue variance was one of the designated sources of funding for the plan that the Commission approved in November 2008 to add bus service hours and vehicle acquisitions to remedy overcrowding (hereinafter referred to as the "overcrowding plan"). However, in December 2008, DRPT issued a revised six year improvement program reducing FY 2009 state formula funding as a result of revenue

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shortfalls in the Commonwealth. PRTC's formula amount was reduced to \$3,987,981, a reduction of \$368,539 in anticipated funding. Accordingly, the proposed budget revision adjusts the original assumption of \$3,900,000 to \$3,987,981. The revised DRPT six year improvement program issued in December 2008 also reduced the FY 2009 state capital participation rate from 50% to 45.5% and state rideshare assistance from \$120,000 originally approved by DRPT in June 2008 to \$109,800 (a reduction of \$10,200), all of which have also been accounted for in the proposed budget revision.

2. Federal 5307 funding – The FY 2009 budget assumed \$2,945,300 for federal 5307 funding and PRTC actually received \$2,402,370, a difference of \$542,930. The budget revision reflects this decrease to the original assumption.
3. Interest income – Interest rates are much lower than anticipated at the time the FY 2009 budget was adopted. As a result, the budget revision reflects a decrease of \$438,000 from the original budget assumption of \$570,000.
4. Passenger revenue – The overcrowding plan approved by the Commission in November 2008 also featured a mid-year fare increase that was not anticipated as part of the adopted FY 2009 budget. The combined effects of higher-than-budgeted ridership and the mid-year fare increase translates into substantially more passenger revenue than budgeted – the proposed budget revision increases passenger revenue by approximately \$806,000, which in turn is the principal source of additional revenue to cover unfavorable expense and revenue variances described elsewhere in this staff report.
5. Bus service contract – Again referring to the approved overcrowding plan, the annual equivalent of 9.23 daily hours of bus service were added. More recently, however, management completed a system-wide assessment of existing bus services in the course of preparing the proposed FY 2010 budget, seeking opportunities for improved efficiency. The product of that assessment is a set of minor service changes that are described in a companion action item on this month's Commission agenda, most of which can and will be implemented coincident with the spring schedule change. The resultant FY 2009 savings have been accounted for in the proposed budget revision.

6. Diesel fuel - The budget revision reflects the higher-than-anticipated cost of diesel fuel, an increase to the budget of around \$628,000. The FY 2009 budget was developed assuming three dollars per gallon for diesel fuel. Fuel prices have diminished significantly since July 2008 and this, coupled with management's purchase of "fuel futures" contracts through the end of FY 2009, have lowered the magnitude of unbudgeted fuel expenses from \$1.34 million (this past summer at the height of the prices) to \$628,000.
7. Additional accountant position - One of the FY 2010 budget guidelines approved by the Commission in July 2008 calls for the addition of an "accountant" position to alleviate the strains the Finance and Administration Department has been experiencing<sup>1</sup>. Management is now proposing to accelerate this hire so it occurs at mid-year FY 2009 instead of waiting until FY 2010 because the stop-gap approach of relying on contracted accounting assistance has not been cost-effective and the resources already present in the FY 2009 budget for such contracted accounting assistance can be used more gainfully instead to underwrite the cost of the accelerated hire. Stated differently, the accelerated hire does not require an expense increase. Accordingly, the revised FY 2009 budget as proposed accounts for this.
8. Bus yard expansion and commuter park-ride lot near the Transit Center - The budgets for the yard expansion construction and property acquisition, relocation assistance, design, and construction management costs associated with a new commuter parking lot were included in the FY2008 budget and need to be carried forward to FY 2009. As you will recall, PRTC has interim financing with SunTrust for a not-to-exceed amount of \$4.2 million, with long-term financing envisioned from the Virginia Resources Authority (VRA).

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<sup>1</sup> As the FY 2010 budget guidelines detailed, headcount in the Finance and Administration Department has remained unchanged for the past eight years despite a nearly four-fold increase in financial transactions (from \$9,394,508 to \$36,294,631), the introduction of stringent audit standards related to risk assessment in financial statement audits; and a continuous stream of multiple one-time work efforts associated with projects including, but not limited to, a new financial accounting system (MUNIS), transition of SmarTrip activity and related farebox reconciliations, implementation of Compact Point of Sale devices (CPOS) and increased reporting requirements for the National Transit Database (NTD) annual report related to PRTC crossing a threshold of 100 or more vehicles operated in maximum service.

9. Transit Center improvements – The FY 2009 revised budget includes various projects that were budgeted and/or commenced work in previous fiscal years that have FY 2009 activity, including the design and construction of the dispatch office expansion.
  
10. Fareboxes and point of sale devices – The budget revision provides for fareboxes and related items that were not originally present in the FY 2009 budget. PRTC is awaiting delivery of 14 fareboxes (2 that were included in the FY 2009 budget) that were ordered in the summer and fall of 2008. Furthermore, the FY 2009 budget is being revised to cover the leasing of twelve (12) point-of-sale (POS) devices. The revision relating to the POS devices simply moves grant revenues to the FY 2009 budget to mirror the expenditure timing.
  
11. Buses – The overcrowding plan approved by the Commission in November 2008 also provided for the lease-purchase of four buses. PRTC opted for a short lease term, with the intent of “purchasing” the buses early in FY 2010. The revision reflects the principal and interest payments that are expected to be paid during the remainder of FY 2009.

Fiscal Impact:

The total of all proposed FY 2009 budget adjustments is an increase of \$8,433,000 with no change to jurisdictional subsidies.

<u>Budget</u>	<u>Budget Adjustments</u>	<u>Budget Revision #1</u>
\$36,294,631	\$8,433,000	\$44,727,631

**Potomac and Rappahannock Transportation Commission**

**FY09 Budget Revision #1**

**Departments & Grants Combined**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$132,800	(\$10,400)	\$122,400
Farebox	\$6,474,900	\$806,100	\$7,281,000
Subsidies	\$12,307,236	\$0	\$12,307,236
Federal Grants	\$10,040,305	\$360,500	\$10,400,805
Fed/State/Local Carryforward	\$0	\$0	\$0
State Grant Assistance	\$6,109,390	\$4,545,300	\$10,654,690
Other*	\$1,230,000	\$2,731,500	\$3,961,500
<b>Total Revenue</b>	<b>\$36,294,631</b>	<b>\$8,433,000</b>	<b>\$44,727,631</b>
Personal Services	3,058,000	(36,200)	\$3,021,800
Employee Benefits	993,600	(19,800)	\$973,800
Contractual Services	22,412,300	689,100	\$23,101,400
Fuel	3,851,000	628,500	\$4,479,500
Other Services	1,288,100	(137,100)	\$1,151,000
Capital Outlay	4,591,631	6,959,100	\$11,550,731
Debt Service	\$100,000	\$349,400	\$449,400
<b>Total Expenses</b>	<b>\$36,294,631</b>	<b>\$8,433,000</b>	<b>\$44,727,631</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes interest, advertising revenue, miscellaneous income, and loan proceeds

**Administration**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$132,800	(\$11,200)	\$121,600
Farebox	0	0	\$0
Subsidies	211,500	0	\$211,500
Federal Grants	12,300	(11,000)	\$1,300
Fed/State/Local Carryforward	0	0	\$0
State Grant Assistance	1,006,800	236,400	\$1,243,200
Other*	353,400	(265,000)	\$88,400
<b>Total Revenue</b>	<b>\$1,716,800</b>	<b>(\$50,800)</b>	<b>\$1,666,000</b>
Personal Services	\$971,300	\$33,400	\$1,004,700
Employee Benefits	305,000	10,200	\$315,200
Contractual Services	232,100	(51,300)	\$180,800
Fuel	1,800	0	\$1,800
Other Services	114,900	(43,300)	\$71,600
Capital Outlay	91,700	200	\$91,900
Debt Service	0	0	\$0
<b>Total Expenses</b>	<b>\$1,716,800</b>	<b>(\$50,800)</b>	<b>\$1,666,000</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes interest and miscellaneous income

**Potomac and Rappahannock Transportation Commission**

**FY09 Budget Revision #1**

**OmniRide**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$0	\$300	\$300
Farebox	5,774,400	735,300	\$6,509,700
Subsidies	4,642,200	0	\$4,642,200
Federal Grants	2,469,400	(667,200)	\$1,802,200
Fed/State/Local Carryforward	0	0	\$0
State Grant Assistance	1,861,200	109,200	\$1,970,400
Other*	108,300	178,500	\$286,800
<b>Total Revenue</b>	<b>\$14,855,500</b>	<b>\$356,100</b>	<b>\$15,211,600</b>
Personal Services	\$768,600	(\$9,900)	\$758,700
Employee Benefits	254,300	(17,000)	\$237,300
Contractual Services	10,042,100	(113,000)	\$9,929,100
Fuel	3,077,600	507,200	\$3,584,800
Other Services	287,100	(10,100)	\$277,000
Capital Outlay	425,800	(1,100)	\$424,700
Debt Service	0	0	\$0
<b>Total Expenses</b>	<b>\$14,855,500</b>	<b>\$356,100</b>	<b>\$15,211,600</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes interest and miscellaneous income

**OmniLink**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$0	\$500	\$500
Farebox	700,500	70,800	\$771,300
Subsidies	6,173,300	0	\$6,173,300
Federal Grants	677,500	(34,700)	\$642,800
Fed/State/Local Carryforward	0	0	\$0
State Grant Assistance	1,296,900	58,500	\$1,355,400
Other*	108,300	55,000	\$163,300
<b>Total Revenue</b>	<b>\$8,956,500</b>	<b>\$150,100</b>	<b>\$9,106,600</b>
Personal Services	\$1,134,300	(\$44,700)	\$1,089,600
Employee Benefits	372,900	(8,000)	\$364,900
Contractual Services	6,258,100	(84,900)	\$6,173,200
Fuel	771,600	121,300	\$892,900
Other Services	172,300	(20,700)	\$151,600
Capital Outlay	247,300	187,100	\$434,400
Debt Service	0	0	\$0
<b>Total Expenses</b>	<b>\$8,956,500</b>	<b>\$150,100</b>	<b>\$9,106,600</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes interest and miscellaneous income

**Potomac and Rappahannock Transportation Commission**

**FY09 Budget Revision #1**

**Marketing**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$0		\$0
Farebox	0	0	\$0
Subsidies	222,300	0	\$222,300
Federal Grants	303,400	(3,100)	\$300,300
Fed/State/Local Carryforward	0	0	\$0
State Grant Assistance	58,000	15,900	\$73,900
Other*	660,000	(121,100)	\$538,900
<b>Total Revenue</b>	<b>\$1,243,700</b>	<b>(\$108,300)</b>	<b>\$1,135,400</b>
Personal Services	\$183,800	(\$15,000)	\$168,800
Employee Benefits	61,400	(5,000)	\$56,400
Contractual Services	271,000	(26,000)	\$245,000
Fuel	0	0	\$0
Other Services	713,800	(63,000)	\$650,800
Capital Outlay	13,700	700	\$14,400
Debt Service	0	0	\$0
<b>Total Expenses</b>	<b>\$1,243,700</b>	<b>(\$108,300)</b>	<b>\$1,135,400</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes advertising revenue

**Capital Improvements**

	FY09 Budget	Budget Adjustments	Revised FY09 Budget
VRE Offset	\$0		\$0
Farebox	0	0	\$0
Subsidies	1,057,936	0	\$1,057,936
Federal Grants	6,577,705	1,076,500	\$7,654,205
Fed/State/Local Carryforward	0	0	\$0
State Grant Assistance	1,886,490	4,125,300	\$6,011,790
Other*	0	2,884,100	\$2,884,100
<b>Total Revenue</b>	<b>\$9,522,131</b>	<b>\$8,085,900</b>	<b>\$17,608,031</b>
Personal Services	\$0	\$0	\$0
Employee Benefits	0	0	\$0
Contractual Services	5,609,000	964,300	\$6,573,300
Fuel	0	0	\$0
Other Services	0	0	\$0
Capital Outlay	3,813,131	6,772,200	\$10,585,331
Debt Service	100,000	349,400	\$449,400
<b>Total Expenses</b>	<b>\$9,522,131</b>	<b>\$8,085,900</b>	<b>\$17,608,031</b>
<b>Net Income (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Other includes loan proceeds