

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

RESOLUTION NO. 07-06-____

OFFICIAL COMMISSION MEETING

SECOND: _____

JUNE 7, 2007

RE: APPROVAL OF PRTC’S FY 2008 BUDGET, AUTHORIZATION TO DRAW DOWN FROM 2% MOTOR FUELS TAX FUNDS TO SUBSIDIZE THE PRTC ADMINISTRATIVE, OMNIRIDE, OMNILINK, AND MARKETING BUDGETS FOR FISCAL YEAR 2008, AND AUTHORIZATION TO APPLY FOR FEDERAL GRANT FUNDING ENVISIONED BY THE PRTC FY 2008 BUDGET

WHEREAS, the PRTC FY 2008 proposed budget totals \$28,263,389 and has been developed in accordance with the Commission’s FY 2008 adopted budget guidelines; and

WHEREAS, the FY 2008 budget allows for anticipated existing service expansion to avert overcrowding as ridership continues to grow; and

WHEREAS, the FY 2008 budget assumes the continuation of bus service formerly supported by reimbursable funding to be sustained with local funds; and

WHEREAS, the FY 2008 budget accounts for the “token cost” increase that took effect April 2, 2007; and

WHEREAS, the FY 2008 budget allows for estimated debt service costs for property acquisition, relocation assistance, design, and construction management costs for the commuter park-ride lot near the Transit Center and the bus yard expansion construction, which were originally budgeted as “pay-as-you-go” but will now be debt financed, freeing up local funds to lessen the need for local subsidy for both capital and operating needs in FY 2008; and

WHEREAS, as part of the FY 2008 budget process, management compared the fringe benefits package for PRTC/VRE employees to those of neighboring local jurisdictions to determine if any changes need to be made to maintain parity; and

WHEREAS, management recommends that starting in FY 2008, the PRTC/VRE employer match should increase from \$15 to \$25 per pay-period for those employees that contribute to the ICMA 457 deferred compensation plan; and

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WHEREAS, a public hearing on the proposed FY 2008 budget and associated grant pursuits was held May 16, 2007, generating no comments; and

WHEREAS, draw downs will be made from the 2% motor fuels tax revenues for these expenses as follows:

<u>Jurisdiction</u>	<u>Admin</u>	<u>OmniRide</u>	<u>OmniLink</u>	<u>Marketing</u>	<u>Total</u>
Prince William	\$108,636	\$3,926,000	\$5,573,833	\$14,500	\$9,622,969
Stafford	37,767	0	0	0	37,767
Manassas	13,807	0	282,175	400	296,382
Manassas Park	8,794	0	136,692	200	145,686
Fredericksburg	<u>14,596</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,596</u>
Total	<u>\$183,600</u>	<u>\$3,926,000</u>	<u>\$5,992,700</u>	<u>\$15,100</u>	<u>\$10,117,400</u>

WHEREAS, Prince William County supports a transfer of \$700,000 from the County's General Fund to the County's 2% motor fuels tax account; and

WHEREAS, federal grant funding for the following VRE and PRTC projects is envisioned by the FY 2008 budget:

- PRTC Purchase of Buses
- PRTC Capital Cost of Contracting
- PRTC Commuter Assistance Program
- PRTC Bus Shelter Program
- PRTC Western Maintenance Facility Project
- VRE Track Lease/Improvements Payments
- VRE Capital Cost of Contracting
- Grant & Project Management and Training
- VRE Fare Collection Equipment Maintenance
- Track Extensions at Crossroads and Broad Run Yards
- Capital Fleet Expansion, Railcars and Locomotives
- Facilities Infrastructure Renewal
- Fredericksburg Parking Leases
- Fredericksburg Rail Station Renovation
- Mid-day Storage
- Kawasaki Acquisition Payments
- Rolling Stock Modifications
- Construction Management & Contingency

- Station Security Enhancements
- Washington Union Terminal Capital Access Improvements

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby approve the FY 2008 budget in the amount of \$28,263,389.

BE IT FURTHER RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the draw down in the amount of \$183,600 from the 2% motor fuel tax revenues to subsidize the Potomac and Rappahannock Transportation Commission administrative budget for Fiscal Year 2008.

BE IT FURTHER RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the draw down from Prince William County's 2% motor fuels tax revenues in intervals throughout the fiscal year in the amount of \$3,926,000 to subsidize the OmniRide budget.

BE IT FURTHER RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize draw downs from the 2% motor fuels tax revenues of Prince William County, and the Cities of Manassas and Manassas Park in intervals throughout the fiscal year in the amount of \$5,992,700 to subsidize the OmniLink budget, and \$15,100 to subsidize the Marketing budget for FY 2008.

BE IT FURTHER RESOLVED that \$700,000 be transferred from Prince William County's General Fund to the County's 2% motor fuel tax account.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to apply for federal funding as envisioned in the FY 2008 budget on behalf of PRTC and VRE.

June 7, 2007

TO: Chairman Gibbons and Commissioners

FROM: Alfred H. Harf
Executive Director

RE: Approval of PRTC's FY 2008 Budget, Authorization to Draw Down from 2% Motor Fuels Tax Funds to Subsidize the PRTC Administrative, OmniRide, OmniLink, and Marketing Budgets for Fiscal Year 2008, and Authorization to Apply for Federal Grant Funding Envisioned by the PRTC FY 2008 Budget

Recommendation:

Approve the PRTC FY 2008 budget, authorize the draw down from the 2% motor fuels tax funds to subsidize the PRTC Administrative, OmniRide, OmniLink, and Marketing budgets for fiscal year 2008, and authorize the PRTC management to apply for the federal funds envisioned by the budget.

Background:

The FY 2008 budget being presented to the Commission -- totaling \$28,263,389 -- allows for anticipated existing service expansion to avert overcrowding as ridership continues to grow. The FY2008 budget accounts for the "token cost" increase that took effect April 2, 2007. This is the result of converting the existing two-phased fare and ticketing plan to a three-phased plan (the new phase called "phase one-and-a-half") to ease the financial impact of the delayed implementation of electronic fareboxes with fully functional *SmarTrip* card readers, with the concluding phase ("phase two") not now expected to be implemented before the end of fiscal year 2008 at the earliest.

The proposed FY 2008 budget includes a 2% cost of living adjustment (COLA) and a separate allowance for merit increases averaging 2%, which is consistent with the prevailing FY 2008 compensation adjustments of PRTC's member jurisdictions. Individual merit increases of as much as 3% would be permitted, recognizing that the size of each merit varies based on performance in keeping with the adopted PRTC personnel policy.

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As part of the FY 2008 budget process, management has comparatively analyzed the fringe benefits package of PRTC/VRE employees to those of neighboring local jurisdictions to determine if changes are warranted to achieve / maintain parity. Two areas were identified where changes are warranted: (1) an adjustment in the employer contribution to the “deferred compensation (457) retirement” plan; and (2) the establishment of a retiree health benefit plan featuring an employer contribution. As detailed below, the first of these adjustments is being recommended as part of the FY 2008 budget while the second requires further fact-finding and development in time for the Commission’s consideration as part of the FY 2009 budget process.

With regard to the employer contribution to the “deferred compensation (457) retirement” plan, management is recommending that the PRTC/VRE employer match be increased from \$15 to \$25 per pay-period for those employees that contribute to the ICMA 457 deferred compensation plan, commencing in FY 2008. The establishment of a retiree health benefit plan featuring an employer contribution would place PRTC/VRE in the mainstream of what most local jurisdictions are already doing, and management is in the midst of defining the elements of such a plan so it can be explicitly accounted for in the FY 2009 budget deliberations.

The budget allows for estimated debt service costs for the property acquisition, relocation assistance, design and construction management costs for the commuter park-ride lot near the Transit Center and the bus yard expansion construction. These projects were originally budgeted as “pay-as-you-go”, but due to the budget pressures PRTC’s bus sponsoring member governments were facing in FY 2008, management recommended and the Commission approved the submission of a VRA loan application. The local funds freed up by debt financing these projects are being used to lessen the need for local subsidy in FY 2008 for both operating and capital expenses. The FY 2008 budget also allows for the debt financing of the construction of the commuter park-ride lot near the Transit Center and allows for land acquisition and preliminary engineering/design costs for a western facility.

Every budget requires the use of assumptions with some degree of uncertainty. Consequently, it is not unusual for actual revenues and expenses to turn out differently than the budget assumes, necessitating mid-year adjustments that have become standard PRTC practice. This year, changed, favorable conditions related to State funding occurred, which will be accounted for in the mid-year budget revision. They include approximately \$400,000 more in state formula assistance, \$1.6 million more in state capital assistance than the budget anticipates, but \$24,000 less in Rideshare funds. The significant increase in the state capital matching ratio versus what was budgeted is the result of the special transportation session of the General Assembly.

The proposed FY 2008 budget envisions federal funding for the following projects, which PRTC management seeks the Commission's authorization to apply for:

PRTC Purchase of Buses	Capital Fleet Expansion, Railcars and Locomotives
PRTC Capital Cost of Contracting	Facilities Infrastructure Renewal
PRTC Commuter Assistance Program	Fredericksburg Parking Leases
PRTC Bus Shelter Program	Fredericksburg Rail Station Renovation
PRTC Western Maintenance Facility Project	Mid-day Storage
VRE Track Lease/Improvements Payments	Kawasaki Acquisition Payments
VRE Capital Cost of Contracting	Rolling Stock Modifications
Grant & Project Management and Training	Construction Management & Contingency
VRE Fare Collection Equipment Maintenance	Station Security Enhancements
Track Extensions at Crossroads and Broad Run Yards	Washington Union Terminal Capital Access Improvements

Fiscal Impact:

Drawdowns would be made from the 2% motor fuels tax revenues as follows:

<u>Jurisdiction</u>	<u>Admin</u>	<u>OmniRide</u>	<u>OmniLink</u>	<u>Marketing</u>	<u>Total</u>
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June 7, 2007
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Prince William County has approved its subsidy level and includes a transfer of \$700,000 from its General Fund to the County's 2% motor fuel tax account to be used for these expenditures.