SUMMARY STATEMENT

ITEM NO. | SUBJECT: 2008 PATCO Operating Budget

COMMITTEE: Finance

COMMITTEE MEETING DATE: November 14, 2007

BOARD ACTION DATE: December 12, 2007

PROPOSAL: Approval of the proposed 2008 Port Authority Transit Corporation (PATCO) Operating Budget.

PURPOSE: Approval of the 2008 PATCO Operating Budget provides the financial framework for PATCO operations in FY 2008 and enables the administrative powers of the President to deal with routine and required day to day operating expenditures as provided in Article XII of the PATCO Bylaws.

BACKGROUND: The 2008 Operating Budget was developed to fund the normal operation and maintenance activities of the transit system. The proposed 2008 Operating Budget was developed as a result of departmental submissions and input from Directors and staff, internal review with the General Manager, and then refined through a formal review process led by the President and a budget review committee. The proposed $42,464,910 Operating Budget represents an increase of $1,473,112 or 3.6% in comparison to the approved 2007 Operating Budget.

Key elements of the Budget are summarized as follows:

Revenue and Ridership - The estimated ridership for 2008 is projected to be 9.5 million passengers. The estimated $19,392,200 of revenue derived from passenger fares amounts to 94% of the estimated total 2008 revenue of $20,717,500. The $1,325,300 balance of the estimated total 2008 revenue is derived from parking fees, lease & rental income, advertising income, interest income, and other miscellaneous sources.

The estimated revenue for 2008 is $99,380 greater than the 2007 budgeted revenue of $20,618,120 and $225,120 greater than the 2007 projected actuals estimate of $20,492,380.
Expenses - The proposed $42,464,910 Operating Budget for 2008 is broken down as follows:

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>41.16</td>
</tr>
<tr>
<td>Employee Service Expense (Benefits)</td>
<td>17.34</td>
</tr>
<tr>
<td>Electrical Power (High Tension Service)</td>
<td>11.53</td>
</tr>
<tr>
<td>Inter-Company Services – Public Safety</td>
<td>11.17</td>
</tr>
<tr>
<td>Material</td>
<td>4.96</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>3.07</td>
</tr>
<tr>
<td>Insurance &amp; Claims Expense</td>
<td>2.27</td>
</tr>
<tr>
<td>Miscellaneous All Other</td>
<td>8.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

The Operating Budget is largely driven by the first four (4) items above. Together, Labor, Employee Service Expenses, Electrical Power, and Inter-Company Services for Public Safety account for 81.2% of the Total Operating Budget.

Labor costs and its growth are controlled by the actual size of the work force, known or anticipated changes in wage and salary rates, overtime, and the amount of capital labor in support of capital improvement projects by the DRPA and transit construction/maintenance projects funded by the Federal Transit Administration. Capital labor related to the DRPA capital improvement projects is included in the DRPA Capital budget and appropriately deducted from the PATCO operating budget.

The 2008 proposed Budget includes 332 regular Full Time Equivalents (FTEs) of operating and capitalized labor (inclusive of part-time employees).

Staff recommends adoption of the proposed 2008 Operating Budget.

SUMMARY:  
Amount: $42,464,910  
Source of Funds:  
2008 Operating Revenues  
Other Sources of Funds:  
General Funds  

RAB/to
RESOLUTION

RESOLVED: That the 2008 PATCO Operating Budget in the amount of $42,464,910 is hereby approved; and be it

FURTHER RESOLVED That PATCO shall not expend funds in excess of the total authorized 2008 Operating Budget, in the amount of $42,464,910 unless such Budget shall be amended by Resolution of the Board of Commissioners to increase said authorization.

SUMMARY:

Amount: $42,464,910
Source of Funds: 2008 Operating Revenues
Other Sources of Funds: General Funds

RAB/to