SUMMARY STATEMENT

ITEM NO.: PATCO-13-039  SUBJECT: PATCO Operating Budget

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: December 11, 2013

PROPOSAL: Approval of the proposed 2014 Port Authority Transit Corporation (PATCO) Operating Budget.

PURPOSE: Approval of the 2014 PATCO Operating Budget provides the financial framework for PATCO operations in FY 2014 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 2014 Operating Budget was developed to fund the normal operation and maintenance activities of the transit system. The proposed 2014 Operating Budget was developed as a result of departmental submissions and input from Directors and staff and then, refined through a formal review process led by the President and a budget review committee. The proposed $47,607,574 Operating Budget represents an increase of $965,576 or 2.07% in comparison to the approved 2013 Operating Budget.

PATCO’s proposed 2014 operating budget reflects an estimated $1.523 million increase in PATCO’s operating loss vs. the 2013 approved budget. The budgeted operating loss has increased from $19.9 million to $21.4 million, or an increase of 7.67% vs. the prior year’s budget.

Key elements of the Budget are summarized as follows:

Revenue and Ridership- The estimated ridership for 2014 is projected to be 10.21 million passengers. The estimated $24,588,000 of revenue derived from passenger fares amounts to 93.8% of the estimated total 2014 revenue of $26,229,673. The $1,641,673 balance of the estimated total 2014 revenue is derived from parking fees, advertising income, interest income, and other miscellaneous sources.

The estimated revenue for 2014 is $557,686 less than the 2013 budgeted revenue of $26,787,359, a decrease of 2.08%. The decrease is a result of the termination of a lease rental agreement and the anticipated reduced ridership resulting from the BFB track rehabilitation project.
### Expenses - The proposed $47,607,574 Operating Budget for 2014 is itemized as follows:

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>37.37</td>
</tr>
<tr>
<td>Employee Service Expense (Benefits)</td>
<td>20.68</td>
</tr>
<tr>
<td>Electrical Power (High Tension Service)</td>
<td>9.77</td>
</tr>
<tr>
<td>Inter-Company Services – Public Safety</td>
<td>12.82</td>
</tr>
<tr>
<td>Material</td>
<td>4.85</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>3.93</td>
</tr>
<tr>
<td>Insurance &amp; Claims Expense</td>
<td>3.56</td>
</tr>
<tr>
<td>Miscellaneous All Other</td>
<td>7.02</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The Operating Budget is largely driven by the first four (4) items above. Labor, Employee Service Expenses, Electrical Power, and Inter-Company Services costs for Public Safety & Information Services collectively account for 80% 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 2014 proposed Budget includes 326.5 Full Time Equivalents (FTEs) of operating and capitalized labor (inclusive of part-time employees).

Staff recommends adoption of the proposed 2014 Operating Budget.

**SUMMARY:**

- **Amount:** $47,607,574
- **Source of Funds:** 2014 Operating Revenues
- **Other Sources of Funds:** General Funds
RESOLUTION

RESOLVED: That the 2014 PATCO Operating Budget in the amount of $47,607,574 is hereby approved; and be it

FURTHER RESOLVED That PATCO shall not expend funds in excess of the total authorized 2014 Operating Budget, in the amount of $47,607,574 unless such Budget shall be amended by Resolution of the Board of Commissioners to increase said authorization.

SUMMARY:

Amount: $47,607,574
Source of Funds: 2014 Operating Revenues
Other Sources of Funds: General Funds