

Summary Minutes MARC Advisory Council Meeting
Thursday October 29, 2008, 4:30 p.m.
Hall of the States, Room 283
444 North Capitol Street, N.W.
Washington, D.C. 20001-1512

Attendees:

MARC Advisory Council:

Andrea Richardson, Brunswick – Absent
Carol Oberdorfer, Brunswick – Present
Chikwe Njoku, Penn & Camden – Absent
Christopher Field, Penn – Present
David Frederick, Brunswick - Absent
Hameed Ahmed, Camden – Present
Josh Friedman, Camden – Present
Juan Calvo, Penn – Absent
Laurence Gross, Brunswick – Present
Lynda Clarke, Penn – Present
Makeda Scott – Penn – Present
Mark Dysart, Brunswick - Absent
Rafael Guroian, Penn & Camden – Present
Scott Minos, Brunswick – Present
Steve Chan, Penn – Present

Staff:

John Hovatter – MTA Director of MARC Train & Commuter Bus Services
Jim Knighton - MTA Director of External Affairs
Glenn Saffran – MTA Deputy Directory of MARC Train & Commuter Bus Services
Simon Taylor – MTA Assistant Deputy Administrator

Guests:

Guest Dave Johnson – National Rail Passengers Association
Guest Matt Melzer National Rail Passengers Association.

The meeting was called to order at 4:32 PM by Chairman Lynda Clarke.

Simon Taylor discussed the difficult budget situation. Simon explained that the MTA gets its funding from MDOT, which gets its funding from the Maryland Transportation Trust Fund. The Maryland Transportation Trust Fund receives 22 cents per gallon from the gasoline tax, fees from the motor vehicle title and registration fees, and the six percent sales tax on motor vehicle sales, among other sources.

The budget for any year is based on financial forecasts. For the capital budget, these forecasts go out six years in advance. For the regular budget, forecasts go out 2-3 years in advance. These forecasts are re-adjusted every three months. The recent dramatic increase in gasoline prices resulted in a significant decrease in the number of gallons of gasoline sold, resulting in a sudden reduction in gasoline sales tax revenue. Automobile sales have also plummeted. In September 2008, the sales of Toyota went down 35% compared to September 2007. MDOT has four main cost drivers: Fuel, Asphalt, Steel, and Concrete. All four items have gone up over 100% in the past few months. In many respects, it has been the perfect storm – revenues are down and costs are up.

The first round of cuts to the capital program has resulted in a reduction of \$1.1 billion dollars to MDOT. For the MTA, the capital budget has been reduced \$427 million, which is 20% of the capital budget.

Regarding the MARC Growth and Investment Activities – there is now no growth.

By law, the Maryland State government must have a balanced budget. Therefore, the MTA has been forced to immediately cut its operating budget. The MTA has tried to do this with the least impact to the riders. The last two fare increases were in 2003 - which was five years ago, and 1996, which was twelve years ago. Governor O'Malley has stated that he does not want people paying more for services, due to the hard economic times.

The fares charged by MARC only cover roughly 52%-53% of the real cost. The MTA buses only cover 38% of their costs from fares. By federal law, the MTA must offer a 50% discount to seniors and the disabled.

By putting in the proposed cuts in services, the estimated savings are roughly \$3 million for MARC, and roughly \$6 million for the commuter bus service. There is no planned reduction in “core service” for the light rail, metro, and city buses. There is reduced overtime. If a driver is sick, then they won't backfill that driver for that day.

In contrast, VRE raised its rate 7% during its last rate increase. On average, VRE has raised its rate 3% per year over the last 10 years = 30%. VRE does not have to go to the State of Virginia to ask for a fare increase. Only two boards need to approve a fare increase.

Dave Johnson and Matt Melzer of the National Rail Passengers Association were guests at our meeting. They discussed the proof of payment system that is used by many commuter rail systems across the nation. Caltran has had a 120 year history of conductors selling tickets on the train. Caltran has implemented a proof of payment system. Caltran also has at least as many train stations as MARC. Suggestions were made to have riders contact federal agencies and congress to increase support for rail transit.

John Hovatter reported that regarding the budget, MARC was able to save the new diesel locomotives – about \$90 million, the rebuild of the electric locomotives, the rebuild of the single level cars, and the \$20 million to purchase the VRE passenger cars. Also noted was that the MTA fiscal year goes from July 1st to June 30th, which is different than the federal government's fiscal year of October 1st to September 30th.

John Hovatter also reported that AMTRAK charges by the car mile, while CSX charges by the train mile.

Discussions on possible ways to increase revenue were discussed. It was noted that prior to MARC increasing any fare, public hearings are required by Maryland law. Thirty days after the hearing are over, the fares and/or services can be cut or increased. It was also noted that a number of MTA employees lost their jobs as part of the budget reductions.

The next meeting will be Thursday November 13, 2008.

The meeting was adjourned on at 5:45 PM Thursday October 29, 2008.