

Memorandum

MIAMI-DADE
COUNTY

Date: March 4, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager



Subject: Supplement: Process for People's Transportation Plan (PTP) Surtax Charges on
Procurement Contracts

Supplement to
Agenda Item Nos.
801B & 801D

At the February 11, 2008 Budget and Finance Committee meeting, the Committee bifurcated the vote on certain procurement purchases that identified PTP Surtax funding on Miami-Dade Transit (MDT) allocations. Discussion ensued regarding how MDT calculates the percentages charged to the PTP for operational expenses such as those captured within the subject Procurement contract allocations. As you are aware, MDT has undergone a significant service expansion since the passage of the PTP and has expressed charges to the Surtax for operational items as a percentage of this service expansion. The chart below details the percentage of expansion in the MDT system attributable to the PTP since the passage of the Surtax.

Combined Bus & Rail	New Revenue Miles	Cumulative Miles	% of Total
Prior PTP Combined		33,751,138	
FY 01-02	0	33,751,138	
FY 02-03	3,008,052	36,759,190	8.2%
FY 03-04	4,151,144	40,910,334	17.5%
FY 04-05	3,786,557	44,696,891	24.5%
FY 05-06	1,474,157	46,515,466	26.7%
FY 06-07	-1,170,939	44,012,814	25.6%
Estimated FY 07-08	-1,476,024	41,392,157	23.6%

It is important to note that currently all operational charges for the Surtax are billed quarterly to the OCITT based on MDT's approved operating budget for the year, with actuals reconciled in the following quarter. As you are aware, MDT's operating budget is based on the total number of operated service miles and not on any one individual procurement contract allocation. In other words, the various procurement allocations approved by the Board are never individually reimbursed by the Surtax, but rather, captured as part of this overall percentage of operations attributable to the increased service implemented as a result of the PTP. This billing process then ensures that the Surtax is charged only for operational expenses directly related to new service. Hence, regardless of the dollar allocations identified within the individual procurement contracts presented to the Board each month (which make up only a fraction of MDT's total operating expenses) the Surtax is always ONLY charged for the percentage directly attributable to the expanded service.

As illustrated above, charges for FY 07 attributable to the Surtax were at approximately 26%. After the October line-up, which reduced total operated miles, the percentage attributable to the Surtax is now at approximately 24%. These amounts differ from the 29% estimate that has been cited in recent years and confirms that all PTP related billings have been performed on actuals over the years based on expanded service. The 29% figure is an example of the above described estimating process, which was based on the FY 05-06 operating budget, which contemplated a service expansion that did not occur. You may recall that this was the first year that MDT began its evaluation of service standards, resulting in a freezing of expansion and culminating in the subsequent reductions that have been implemented over recent lineups. At the end of the year, the reconciliation based on actual operated miles reduced that figure to approximately 27% and the Surtax was charged for that amount.

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At the March Transit Committee meeting, MDT will be presenting additional detail on the subject as part of its budget presentation. As MDT continues to evaluate its service standards, additional mileage reductions may result, thus further decreasing the percentage of charges attributable to the Surtax through these Procurement allocations.



Assistant County Manager