

MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

April 16, 1985

Pursuant to notice given to the Register-Guard for publication on March 28, 1985 and given at the April 9, 1985 budget meeting, and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of the Lane Transit District was held at 8:00 p.m. in the City Hall in Eugene, Oregon on April 16, 1985.

Present:

Board Members

Janet Calvert, President
Janice Eberly, Vice President
Joyce Nichols, Committee
Secretary
Larry Parducci, Secretary

Appointed Members

Paul Bonney
F. Robert O'Donnell, Committee
Chairman, presiding
Roger Smith
John Watkinson

Phyllis Loobey, General Manager
Mark Pangborn, Budget Officer
Jo Sullivan, Recording Secretary

News Media Representative:

Jim Boyd, The Register-Guard

Absent:

Peter Brandt, Treasurer
Gus Pusateri

Emerson Hamilton
Rosemary Pryor

CALL TO ORDER: Dr. O'Donnell called the meeting to order at 8:00 p.m., and stated that the main purpose of the meeting was to continue with the staff presentations on the budget materials.

PUBLIC COMMENT: There was no comment from any member of the audience.

BUDGET REVIEW--Line-Item Division Budgets: In review, Mr. Pangborn stated that the proposed FY 85-86 budget proposes that the current level of service be extended into next year, with some inflationary adjustments and some salary and wage adjustments. At the last meeting, staff had talked about the General Administration, Finance, and Personnel division budgets.

Safety and Training: Gary Deverell, Safety and Risk Manager, talked about the Safety and Training budget and about the Risk Management Fund. He explained that he is in charge of training for new hire drivers, passenger relations, safe driving, and the awards banquet, at which

employees receive awards for such things as attendance and safe driving. The major changes in the Safety and Training budget are the inclusion of \$4,500 for a property appraisal for insurance purposes, and \$7,500 for a wellness program. He explained that half of the drivers had physical exams this fiscal year, and half the drivers and the Maintenance employees were scheduled to have them next fiscal year. Through a wellness program, the District also wants to offer employees help with stress management, weight reduction, and smoking. These are the three major problems discovered in the physicals. Mr. Deverell said he was not sure how many employees would take advantage of a wellness program, but he surveyed what is offered throughout the community and found that classes start at about \$60 for no-smoking clinics, although some are offered free in the community. For budgeting purposes, Mr. Deverell anticipated that 150 employees might take advantage of the program, at \$50 each. However, he said a more realistic figure might be half that number at \$100 each.

Dr. O'Donnell wanted to know if this would be a tuition reimbursement program or if LTD would run each wellness program. Mr. Deverell replied that the programs would be voluntary, with employees paying a portion of the costs. As they complete the program, LTD will reimburse them for their portion.

Risk Management: Mr. Deverell called the Committee's attention to page 18 of the Line-Item Budget section and page 20 of the Detailed Budget. He used a chart to show the background of insurance costs and the increases anticipated in FY 85-86. He explained that the District needed an outside consultant to perform a thorough property and fleet appraisal in order to determine the value of each. Problems in self insurance would occur if the District was over- or under-insured in any area. Mr. Deverell also explained that the District budgets each year for the worst case. If it were only insured for what staff expected the losses to be, based on an educated guess, it could be faced later in the year with the need to cut service or cut back somewhere else to make up for a greater loss than expected. The District is also covered for a catastrophe up to \$10 million, above and beyond the primary insurances. Ms. Loobey added that the Board is protected with error and omissions insurance up to the \$10 million level. The District's attorney projects that a judge would not hold damages at the \$300,000 statutory limit if a transit district had a bad accident in which many people were injured. The statutory limit has not been tested in court, as far as staff know.

Mr. Deverell stated that the District has done extremely well in managing its own insurance, but that the package policy will increase to \$90,000 this year from last year's \$60,000. This increase is occurring, he said, because insurance companies have been taking tremendous losses in underwriting their investments, and are attempting to make up their losses. If the District did not have the excellent record that it does, it would probably be facing cancellation of its policy instead of just the increases in costs.

In discussing workers compensation, Mr. Deverell showed that the District's workers compensation claims were over \$300,000 in 1976, but strict management led to a dramatic drop in 1980. There were three big claims in 1983, but 1984 had improved again. The District budgets for the worst case in workers compensation, as well, at \$161,000. Mr. Deverell explained that if everything went wrong, \$161,000 is the most the District could pay out in one year, so this fund is also fully funded. Tim Dallas, Director of Operations, pointed out that if the District does not have expenditures to the maximum, the funds carry over to help fund the account for the next year.

Mr. Pangborn also explained that the District's incentive to keep costs down and to manage them is that once claims leave the deductible level and reach the primary level, the insurance companies hire their own claims managers. At the deductible level, LTD can manage its own costs better.

Marketing/CSC: Ed Bergeron, Marketing Administrator, gave a brief overview of marketing at LTD, and introduced Andy Vobora, the Customer Service Manager. The Marketing division provides bus rider needs in two major areas: (1) basic information, through maps, timetables, telephone, news media, advertising media, and display cases; and (2) motivation, through the style in which information is presented, such as one-to-one contact, sector marketing, and advertising. Mr. Bergeron stated that the Marketing budget is structured on these two concepts.

Mr. Bergeron called the Committee's attention to the CSC budget on page 10 of the Line-Item Budget section and on page 12 of the Detailed Budget section. He stated that the CSC budget was a 6% increase over last year, with an 11% increase in materials and supplies.

Ms. Eberly asked about the TIE (Transit Information Exchange). Mr. Bergeron explained that it involves the sharing of experiences and knowledge of northwest transit districts and has proved to be valuable for LTD staff. Mr. Bonney asked about the rental of a video camera. Mr. Bergeron replied that having a video camera in the CSC may be instrumental in warding off burglaries or other kinds of trouble within the CSC, and that several incidents in which property damage has occurred have happened in or near the CSC in the recent past. Dr. O'Donnell wondered about employee uniforms. Mr. Bergeron said that staff are proposing a complete program for employee uniforms, because customer reaction has been favorable to the partial uniforms now worn. Employees would not be responsible for paying for their uniforms, in the same way that drivers are supplied with uniforms.

In discussing the Marketing budget on page 8 of the Line-Item Budget and page 9 of the Detailed Budget, Mr. Bergeron stated that the total division budget represents an 8% cutback. He talked about the various printed materials, such as brochures and the Rider's Digest, which have become increasingly popular over the years. He said they have been successful in giving information and in motivating, with a style which

makes bus use attractive. He explained that the increase in costs for the Rider's Digest is to enable staff to decrease the size to "purse size" and to print more copies. It is Marketing's hope to supply every household in the service area with a copy, in order to let them know everything they need to know about riding the bus. Telephone calls have decreased, and staff believe it is because people are relying more on the self-help information they are being given.

In response to a question about the salaries for Marketing Representatives, Karen Rivenburg, Finance Administrator, stated that all District positions are budgeted at Control Point, and that the majority of LTD's employees have been with the District a long time and are in the higher salary ranges. Mr. Watkinson wondered about the duties of a Marketing Representative. Mr. Bergeron explained that they conduct and manage all promotions, such as with the University of Oregon and Totally Transit, and manage the production of the District's printed informational materials. They are project managers who gather together research to conduct promotions to attract people to use the bus. He said the budget proposes keeping the same number of Marketing Representatives the District has had for the last five years.

Dr. O'Donnell clarified that the "temporary unclassified" line item represents a change from "miscellaneous services." Mr. Bergeron explained that this change is due to accounting procedures, and that staff anticipated an increase in the use of temporary workers because they are helping LTD provide more information at each bus stop location. There are presently 60 bus stops with information posted at them, which has to be updated periodically. Four years ago information was posted at only six locations. The temporary workers also make signs, deliver tokens to outlets, hand out leaflets at University of Oregon registration, the Lane County Fair, etc., and perform other duties which help LTD reach more people at a low cost.

Mr. Pangborn stated that people tend to think of marketing budgets as being discretionary, but at LTD, the division provides such informational materials as the timetables which are not discretionary.

Planning: Stefano Viggiano, Planning Administrator, explained that the Planning Division's major responsibilities are service planning, routes, schedules, and passenger facilities development and maintenance, including 1,200 bus stops. The division also provides research and special projects such as surveys, studies, data bases, and work closely with other public agencies in the areas of land use planning, road improvements, etc.

Mr. Viggiano explained the changes in Personal Services, and the reclassification of a Service Analyst to an Administrative Analyst under General Administration. He also explained Planning's use of temporary unclassified workers. He stated that Planning's materials and supplies budget is \$1,200 lower than in FY 84-85. In response to a question regarding contract transportation, Mr. Viggiano explained that LTD is one

contributor to a consortium of local transportation providers for door-to-door services for the frail elderly and disabled. LTD pays two-thirds of the amount L-COG pays to the service providers. Ms. Loobey explained that there are those among the frail elderly and disabled who cannot use fixed route service. They go through a process to be certified specifically for the Dial-A-Ride service.

Transportation: Don Gray, Transportation Supervisor, stated that his division is in charge of putting the buses on the road, and includes the transportation supervisor; assistant transportation supervisor, who supervises the Transportation office; five system supervisors, who open and close the system each day; three field supervisors, who operate in the field and help with passenger problems, detours, accidents, etc.; a secretary; and 108 full-time and 19 part-time bus operators. Mr. Gray explained that the FY 85-86 budget proposes the elimination of one bus operator due to run cut efficiencies and the incentive program, and an increase of one system supervisor. The system supervisors work on a rotating basis, and often are called in to work on their regular days off to cover when other supervisors are ill or away for some other reason. Mr. Gray stated that it is almost impossible to keep the field supervisors in the field because of the things going on in the office, such as an increase in operational planning, special events, and a driver evaluation program which must be administered. He stated that a morale problem is beginning, as well, because the quality of supervision is declining as a result of the tightly scheduled supervisor time. Mr. Gray also handed out a memo explaining the reasons for increasing the number of system supervisors by one. In answer to questions, he stated that system supervisors are salaried and earn no overtime for working more than 40 hours per week. On the average, the supervisors have accrued vacation time of eight weeks, but the District is not able to let them take their earned vacation time because of the level of understaffing. Mr. Dallas added that there is a set limit of vacation time which staff can accrue, and when they start losing it, morale problems could occur.

Dr. O'Donnell wanted to know about the hiring process for a system supervisor. Mr. Gray explained that the position would be posted internally and advertised, and interviews would be held. He said in the past, hiring has been done both from within the District and outside, but generally the supervisor positions have been hired from within. Mr. Dallas added that the operator reduction would be handled through attrition.

Ms. Eberly wondered about the large increase in uniform costs over last year. Mr. Gray explained that the District had chosen new uniforms in the last year, and that new options would be included next year for the women operators. Ms. Loobey said the women were presently wearing male-cut trousers which were not comfortable, but staff are now looking into different pants and culottes for the women. The District presently has 19 women drivers, which is more than 10% of the total. Ms. Loobey added that uniforms are part of the collective bargaining agreement, and

that the District has more control over uniforms if it provides and cleans them for the employees.

Mr. Gray then explained that the incentive program will be broadened to include weight loss, no smoking, and stress management, and should result in decreased absenteeism. This year's incentive program was strictly for attendance, and resulted in a decrease in absenteeism from 8.1% in FY 83-84 to 5.3% so far in FY 84-85. This decrease results in considerable cost savings for the District.

Mr. Watkinson wanted to know if the wellness program would be covered by the contract. Mr. Pangborn replied that it would not, just as this year's incentive program to reduce absenteeism was not. Ms. Loobey stated that the wellness program could be found in the "employee programs" line-item, along with the annual banquet, picnic, physicals, Employee of the Month and Year program, etc.

In response to further questions about the wellness and incentive programs, staff explained that Mr. Deverell budgeted for the wellness program in the Safety and Training budget, and the divisions budget for separate incentive programs. Mr. Gray stated that Transportation's incentive program for FY 85-86 would be a combination of attendance and wellness programs. Mr. Dallas explained that the same amount of money would be spent, but the attendance program would be scaled back and the rest of the money would shift to other programs, in order to cover a broader base of programs than last year. He added that the savings for the present year's attendance incentive program were greater than the cost, and staff would be looking for this result in all incentive programs.

Ms. Eberly was concerned because the incentive programs were now costing more because \$7,500 was being added to the Safety and Training budget. Mr. Dallas explained that there is a large percentage of drivers who smoke, and just providing the opportunity for a no smoking program through Safety and Training is not enough. Staff believe that a monetary incentive would make employees more apt to take advantage of the program and follow through on it. He stated that the line-item is about 20% more than the cost of one operator, and if the District can gain the efficiency of just one employee as a result of these programs, then that is a worthwhile goal.

There were also some questions about spreading the cost between different division budgets. Ms. Loobey explained that the line-items are found in Safety and Training for administration of the wellness program, which will cover all employees, and in the Transportation, Maintenance, and the Customer Service Center division budgets for incentive programs, which will cover only the contract employees in those divisions. The costs are in the division budgets because they need to be shown in the areas which are responsible for implementing them.

Mr. Watkinson wondered about paying money to employees who do smoke and stop and not to employees who do not smoke in the first place. Staff replied that this is seen as one of the problems with incentive programs, but that the attendance program had rewarded the employees with good attendance. Ms. Loobey stated that staff hoped to have fewer claims when people are healthier, but didn't know yet if insurance carrier rates would be reduced. Ms. Eberly thought the attendance incentive program was performance based, but she wasn't sure she would call this one an incentive program. She thought that because there are people who do not smoke or have stress or weight problems, this program should be differentiated. Although \$7,500 was not a lot of money, she wondered about the alternatives for working with other entities in the community. Ms. Loobey stated that staff would continue to explore those options, and when possible would work with the City of Eugene, etc.

Ms. Nichols commented that part of the incentive in the wellness program would be having the District pay the balance of a program's costs if a person completed it. She stated that she would rather see an incentive program for absenteeism that is open to everyone than one which is based on employee's personal habits, with no reward for "being good." Mr. Dallas stated that wellness and incentive programs were somewhat new at the District and in the community, and were partly a trial and error process for the District. He said staff were being somewhat cautious in their first experiences; for example, the incentive program money budgeted for Maintenance was not spent because the program didn't meet the needs of the employees and the division.

Dr. O'Donnell stated that if the Budget Committee is unhappy, the incentive and wellness programs can be separated, and where the money is to be spent can be altered. He said the Committee members could keep that in mind as they prepare to approve the budget.

Mr. Watkinson asked Mr. Gray if he attributed the drop in the absenteeism rate from 8.1% to 5.3% to the incentive program. Mr. Gray stated that he did, and added that a 1% drop results in a savings of \$20,000.

Ms. Nichols asked about the line-item for fuel in Transportation. Mr. Gray replied that the Transportation division has four cars which it uses for the field supervisors and for driver reliefs in Springfield. One of their cars is also designated for out-of-town use. Ms. Rivenburg added that the cars used in the Department of Administrative Services are under the General Administration budget rather than under individual divisions.

Vehicle Maintenance: Mr. Dallas called the Committee's attention to page 12 of the Line-Item Budget, and listed the three preliminary functions found in this area: daily servicing and fueling of the fleet; preventive maintenance and repair; and maintenance of a parts department, because bus parts are not readily available from local suppliers.

The major change in this area is a result of the reclassification of the three leadmen positions to non-contract maintenance supervisors. Last year's budget included money to increase the number of mechanics to take care of the extra lifts and maintenance requirements on the new buses, and maintenance requirements caused by the additional mileage from service increases. However, the Maintenance division has been able to handle the increases so far, so staff are not proposing to increase the staffing level for FY 85-86.

Mr. Dallas stated that the District would begin to save money on tires next year, since they will be bought instead of leased. Funds are included this year in contract maintenance to paint the 500 series buses. Staff had originally thought half of the painting would be subcontracted and half would be done in-house, but the added maintenance duties have kept the division busy and all painting will be subcontracted. The FY 85-86 budget includes funding to paint the 700 series buses, and it is hoped that the entire fleet will have the new logo and colors by Fall. Mr. Watkinson wondered why the fleet was being painted. Mr. Dallas replied that the 500 series buses were bought in 1976 and the 700's in 1980, and all need to be repainted. One-half of the buses are washed each night; over the years, that many washings wears off the paint. Ms. Loobey added that another issue is so the fleet will look nice, which is the same reason half the buses are washed each night. The public responds positively to clean, attractive buses.

There were some questions about wage increases for contract employees. Mr. Dallas informed the Committee that contract negotiations were just beginning during April.

Non-vehicle Maintenance: Mr. Pangborn stated that non-vehicle maintenance is the responsibility of the purchasing agent, and called the Committee's attention to page 14 of the Line-Item Budget. Changes in the budget include the need to rent space to park buses for a full year instead of a partial year. The number of shelters increases each year, so sign and shelter maintenance costs also increase. The maintenance fee for the microcomputer network for Administrative staff is included in miscellaneous contractual services.

SUMMARY: Mr. Pangborn stated that the Committee was on schedule for what had been planned for that evening. The Capital budget was left to be discussed, and the next meeting was scheduled for May 7, after a short Board meeting at 7:30. Mr. Pangborn suggested that the Budget Committee members might want to attend the Board meeting to hear the consultant's recommendations and costs for the proposed new facility. Staff are hoping that the Board will be able to take action regarding that project at the May 7 meeting so the costs can be incorporated into the budget.

Mr. Pangborn stated that if Committee members had particular questions regarding information discussed that evening, staff would be happy

to come back with more details for them on May 7. In response to questions from Mr. Watkinson, Mr. Deverell would have figures on savings in Risk Management if the deductible is lower.

The last scheduled Budget Committee meeting is on May 28, so a decision on the budget will need to be made either at the May 7 or May 28 meeting. Mr. Pangborn reminded the Committee that there are three decisions to consider: the FY 84-85 budget and how to allocate the year-end balance; the FY 85-86 base budget; and the FY 85-86 capital budget.

ADJOURNMENT: Ms. Calvert moved that the Budget Committee meeting be adjourned to Tuesday, May 7, 1985 at 8:00 p.m. in the Eugene City Hall. After seconding by Ms. Nichols, the meeting was unanimously adjourned at 9:55 p.m.



Committee Secretary

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