

MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

ADJOURNED MEETING

May 6, 1987

Pursuant to notice given to *The Register-Guard* for publication on April 14, 1987 and at the April 22, 1987 Budget Committee 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 7:30 p.m. on Wednesday, May 6, 1987 in the Eugene City Hall.

Present:

Board Members

Janet Calvert, President
Janice Eberly, Vice President
Keith Parks
Dean Runyan
Rich Smith

Appointed Members

Paul Bonney
Bob O'Donnell
Roger Smith
John Watkinson, Committee
Chairman

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

Absent:

Peter Brandt, Treasurer
Gus Pusateri

Emerson Hamilton
Rosemary Pryor, Committee
Secretary
Dennis Strand

CALL TO ORDER: Mr. Watkinson called the meeting to order at 7:30 p.m. A quorum was not yet present, so Mr. Watkinson postponed approval of the minutes and asked to begin the meeting with informational presentations by staff members.

PUBLIC COMMENT: Mr. Watkinson asked for comment from any member of the audience. There was none.

CONTINUED REVIEW--LINE-ITEM DIVISION BUDGETS:

Marketing: Ed Bergeron, Marketing Administrator, introduced himself and discussed the Marketing division budget, found on pages 11 and 12 of the line-item budget. He explained that Marketing is responsible for system communications, including advertising, printed materials, news

media contacts, and bus stop schedules for nearly 160 information displays at bus stops. The division also handles sales promotions to encourage people to ride the bus, market research, charter functions, and LTD sales outlets.

The Marketing staff consists of the marketing administrator; three marketing representatives, who act as project managers; two part-time marketing assistants; two part-time distribution coordinators; and one part-time graphic artist. The graphic artist was hired to help maintain information for the bus stops and enhance the in-house production capacity. In-house graphics work lowers the overall cost and helps maintain a stable budget.

Marketing's focus for FY 87-88 will be on: (1) system communication, including expanding the bus stop information units by 100, combining the Rider's Digest and the system map, and using federal grant funds to complete a system information study; (2) public relations work; and (3) sales promotions, including a new media campaign. The last umbrella campaign was begun in 1983-84 and completed in 1985. The new campaign will focus on a more direct message regarding the benefits and attributes of riding the bus. Sales promotions also include promoting new service in Junction City, which will begin in January with federal grant funds.

The budget impact will be in the areas of personnel, in adding part-time staff time to respond to busy times and work on the additional bus stops; printing, mostly for combining the system map and Rider's Digest; miscellaneous materials and supplies, for materials for the in-house production staff; and contractual services, for temporary workers and media consulting.

Mr. Runyan asked why a new image campaign was being done now instead of in the future. Mr. Bergeron replied that the District's image had changed, with a new logo and different colors on the buses, and ridership has grown consistently over the last three years. Additionally, there is a "wearing-out" factor in advertising, and the message needs to be refreshed every so often, or people will stop listening.

Mr. Runyan said that the past advertising has been good, and wondered what could happen in terms of ridership, political support in the community, or revenue in response to the new advertising. Mr. Bergeron stated that the money spent on media would be less effective with the older message, and LTD would have less ability to attract attention and motivate the public into action. He added that it is difficult to predict the impact on ridership. In trying to maintain a balance, staff predicted a 4 percent ridership increase next year, and in the services supporting that increase.

Mr. Runyan then asked if there had been any attempt to relate expenditures, such as for each individual campaign, with what might be expected in return for each dollar. Mr. Bergeron stated that, for each campaign, staff try to predict the impact on ridership and revenue, and after the

campaign is implemented, use surveys to obtain more data. He said it is still an inexact science, and staff are still learning how to do better each year. There is difficulty in reaching some markets more than others, and some promotional efforts can be targeted at less expense than others.

Dr. (Rich) Smith noted that LTD was spending about 5 percent of the total budget on marketing. He wondered if staff were aware of the amounts other transit properties spent in the same area. Mr. Bergeron stated that manufacturing industries spend from 4 percent to 6 percent of their budgets, and service industries spend up to about 10 percent. Transit districts seem to spend about 3 percent. He added that it depends on the size of the organization and market, and the difficulty in reaching the market. He said he had not seen statistics specific to medium transit districts.

Mr. Bergeron added that LTD had been able to maintain five consistent years of ridership increases in spite of factors such as the decrease in the cost of gasoline. Dr. Smith stated that he liked the advertising and thought the District should do more of it, and he liked the idea of combining the Rider's Digest and system map.

Ms. Eberly asked what staff planned to do for the 50-millionth rider. Mr. Bergeron replied that the details had not yet been planned, but it was expected to occur sometime in October.

Dr. O'Donnell asked about the \$20,000 for a study. Mr. Bergeron explained that it is an UMTA-funded study which will allow staff to test current marketing activities to see if they can be done with fewer dollars. It will examine how LTD communicates with the public, and is an attempt on staff's part to focus on the Eugene/Springfield area and obtain the best communication possible with the community at large.

Planning: Stefano Viggiano, Planning Administrator, listed the four major areas of responsibility in the Planning division as: (1) service planning, including driver bids, elderly and handicapped transportation, demand/response service, and special services such as for basketball or football games; (2) passenger facilities, including more than 1,200 bus stops and 93 shelters; (3) the new operations facility; and (4) research and special studies, such as the Origin and Destination study done every three years, ridership counts, and analysis.

Staffing for the position includes the planning administrator and three transit planners, two of whom will be new to the District in May, to fill vacant positions.

The division's focus will be on the construction of the new operations facility; completion of a design for a new Valley River Center station; a comprehensive bus rider survey, which will examine riders' attitudes as well as bus riding habits, and which will be used for the next three years to help answer service planning questions; Junction City Service; installing 20 to 30 new passenger shelters; and some incremental

service improvements to improve efficiency and productivity of the service.

Major changes in the budget include \$9,000 for temporary unclassified workers for surveying and coding of the Origin and Destination survey and \$1,000 for printing the survey; the move of contract transportation to the Transportation budget; and UMTA funds for a study which was not performed this year due to staff turnover. The study will evaluate how LTD's Planning division performs its service planning function, and will provide an outside perspective on whether any part of it could be done more efficiently or better. In response to a question, Mr. Viggiano said that the study is funded 80 percent by UMTA and 20 percent by LTD. The local share is \$6,000. Dr. O'Donnell asked about shelter costs. Mr. Viggiano explained that the shelters themselves are found in the Capital Improvements Budget and the shelter maintenance is shown in the Non-vehicle Maintenance Budget.

Customer Service Center: Andy Vobora, Customer Service Manager, said that, since Transportation staff like to think of that division as the "hub" of operations for the District, he thinks of the Customer Service Center (CSC) as the spokes of that hub, because of the CSC employees' interactions with the public each day.

One major responsibility of the CSC is information dissemination, including trip planning for 300 telephone callers per day; personal trip planning at the counter in the CSC; written trip planning for people who send in requests on forms they receive during special promotions--the CSC staff mail instructions on how to use the bus for their requested destinations, and include a day pass to encourage them to actually try the service; and audio-visual presentations at the CSC. A second major responsibility is fare sales, including direct sales of passes and tokens and keeping records of inventory, and management of the distribution of the passes and tokens. Mr. Vobora said that CSC employees are likely to sell \$2,000 to \$3,000 in passes and tokens on one shift at the height of the monthly sales cycle. A third area of responsibility involves special programs, including management of the lost and found items; the Reduced Fare program for persons with disabilities; and the "Over 80" program in which seniors over 80 years of age can have a photo I.D. card made and ride free for life. In response to a question, Mr. Vobora stated that more than 600 seniors currently have photo I.D. cards for this program. Mr. Vobora explained that he reports to the marketing administrator, and lends assistance to the Marketing division. In this capacity, he organizes field trips to encourage use of the regular route system by school groups, and schedules charter service for local conferences, etc. He mentioned that the National Rhododendron Society had just held a conference in Eugene, and LTD had provided 32 hours of shuttle service for its 900 participants.

Staffing at the CSC includes the customer service manager, five full-time customer service representatives, and two part-time customer service representatives. His staff, he said, has a combined total of 46 years'

experience in customer service at LTD. He added that he also appreciates occasional help from Transportation employees who are assigned to help answer telephones at the CSC to fulfill light-duty work requirements for the District's workers' compensation program.

One focus of the CSC next year will be on maintaining call performance (Mr. Vobora stated that LTD's lost call rate is one of the lowest in the nation); reintroducing TTY service for the hearing impaired; implementing telephone lines dedicated to information regarding detours and promotional events; and expanding the youth training program, in which young children will travel to the CSC on fixed route service to see a puppet show about riding the bus. CSC staff will also focus on fare sales by installing a coin changer which will disseminate tokens, in addition to the current coin changer; by helping to implement a quarterly pass for the general public in the fall; and by promoting the pass and token outlets which can be found throughout the system. A third area of focus for the CSC will be on special programs, including computerization of the Reduced Fare Program; implementing a number card program for the sight impaired, in which a patron can hold up a card with the number of the bus he/she wants to take; and installing an electric door for better accessibility to the CSC building.

Changes in the budget result from an increase in part-time staffing levels in order to open the CSC on Sundays; \$5,000 for pass printing, made necessary by the advent of four-color copiers, which are able to make excellent reproductions of the current type of pass being used; and \$800 for printing envelopes, since the use of pre-paid fare instruments is increasing.

Dr. Smith suggested using a change machine which can change \$5 bills by using Susan B. Anthony dollar coins. However, he said, the public should be warned that the dollar coins are being used, since they resemble quarters at first glance. Mr. Vobora said that the CSC's coin machine could be reprogrammed in the future.

Mr. Runyan asked about the technology or computer software for increasing the productivity of trip planning. Mr. Vobora said that the technology is available, but is high priced. Tri-Met in Portland is installing a large number of computer terminals with key pads and graphics for individual trip planning. In systems larger than LTD, CSC representatives work from a computer which generates trip planning information. LTD's CSC representatives still use a large book and do everything manually. Joe Janda, computerization manager, added that much of the software for these capabilities is custom software, created for individual properties' use.

Transportation: Don Gray, Transportation Administrator, stated that the most important activity in his division is scheduled service, or putting the service out on the street in the right place at the right time. This includes providing passenger information and assistance as required, collecting fares, and issuing transfers. Another major area of

focus is that of supervision. The field supervisors monitor the service on the street and evaluate bus operators' performance twice each year. They also investigate accidents and incidents that occur with LTD vehicles; resolve passenger problems; implement detours; and implement special event service. The system supervisors open and close the division each day; assign buses to the routes; dispatch and bring the buses back in on time; coordinate mechanical problems with Maintenance; operate an extra board of bus operators who are available to cover the daily work of drivers who do not come to work for illness or other reasons; keep written and computerized records; and implement the driver bid, in which bus operators sign up for work segments based on seniority three times each year.

Staffing in Transportation includes the transportation administrator, whose responsibilities include first-line grievance resolution, discipline, and the division budget; the transportation supervisor, who is responsible for the day-to-day operation of the division, technical reporting, and evaluation of the system supervisors; six system supervisors and three field supervisors (whose duties are listed in the preceding paragraph); one operations secretary; 107 full-time bus operators, who perform 85 percent of the driving; and 18 part-time operators. The drivers are LTD's first-line ambassadors with the public, and are responsible for courtesy, safety, and on-time operations.

The FY 87-88 goals for the Transportation division are to reduce schedule downtime (caused by accidents or mechanical failures) by 3 percent; at least maintain, if not increase, correct schedule operation (CSO) at 99 percent; emphasize operator monitoring of the fareboxes, including issuing transfers and giving information, at transfer points; continue the formal, written evaluation process twice yearly; and improve internal operating efficiency, including maintaining absenteeism at 4 percent or less. Mr. Gray stated that the operator incentive program has been very successful. Each 1 percent decrease in absenteeism saves the District \$20,000; LTD's operator absenteeism has dropped 4 percent, from 7.6 percent to 3.6 percent, since the program began. Other internal operating efficiency goals are to continue the pay for performance program for administrative staff; provide supervisor training for an increased level of communication between the supervisors and the employees; and to encourage participation in the Take Care program, for weight loss, stress reduction, physical fitness, etc. Mr. Gray added that complaints from the public have decreased 13.7 percent, and compliments have increased 5.4 percent, in part due to a more streamlined and centralized complaint handling process.

Major changes in the Transportation budget are an increase in the uniform budget, because the uniforms are now three years old and replacements are beginning to be needed; an increase in incentive pay; an increase in the cost for transfers; a decrease in training and travel, because follow-up supervisory training will not be as expensive as the initial training; and an increase in miscellaneous contractual services, since the operations secretary will be on maternity leave for three months

and a temporary replacement will be hired. The District pays for accumulated sick leave during maternity leave, so the incumbent will have approximately six weeks of paid leave. However, any money the District saves on her salary for the other six weeks cannot be used to hire a temporary replacement, because the money for the replacement comes out of contractual services.

In response to Dr. Smith's question regarding the incentive program, Tim Dallas, Director of Operations, stated that progressively higher rewards are offered throughout the incentive period, with a drawing for a cash bonus of \$1,000 for one person. Mr. Dallas stated that this is not a lot of money considering the scale of the program, but it draws a lot of employee attention to the program. Mr. Gray added that the program costs less than \$25,000 per year to administer. Ms. Calvert wondered if people were coming to work when they were sick because of this program, but Mr. Gray explained that the bus operators are allowed to arrange work exchanges with other drivers, which helps them continue to qualify for the incentive program, and insures that their work schedules are covered at no additional cost to the District.

Mr. Runyan wondered if the number of part-time operators was increasing. Ms. Loobey replied that the percentage of part-time to full-time is set by contract, and the division is currently using the maximum number allowed. Mr. Bonney asked about the increase in wages for two part-time operators. Karen Rivenburg, Finance Administrator, replied that part-time operators are allowed to work up to 30 hours per week. However, they may work less, so the actual amount could be less than budgeted.

Special Transportation: Micki Kaplan, Transit Planner, explained that special transportation is defined as alternative transportation to the fixed route service, and is primarily used by the elderly and handicapped. The special service is subcontracted with a private provider. Budgeted amounts for special transportation include \$100,000 as LTD's contribution to the Lane Council of Governments' (L-COG's) special consortium for Dial-A-Ride, a curb-to-curb service, and \$349,000 in State cigarette tax revenues which flow through LTD to L-COG to administer.

The objectives of special transportation service are to maintain LTD's commitment to fund alternative methods of transportation; to meet the special transportation goals established by the Legislature; to monitor the contracts for compliance and to attend the Special Transportation Fund (STF) Advisory Committee meetings to insure that the cigarette tax funds are appropriately allocated; to strive to broaden and diversify the funding base; to coordinate resources to insure efficient use of funding dollars; and to research consolidation of the two contracts. If the Legislature adds another one-half cent to the cigarette tax, Lane County STF revenues would increase by \$50,000, and the increase would be dealt with in a supplemental budget process.

Mr. Runyan asked about broadening the funding base. Ms. Kaplan replied that, in the past, a Dial-A-Bus service was funded by LTD. Now

special transportation providers pool their revenues and resources throughout the community to maximize special transportation services, and this focus will be continued.

At this point in the meeting, the Budget Committee took a 15-minute break.

MOTION APPROVAL OF MINUTES: Since a quorum was present, Mr. Watkinson asked for a motion regarding the minutes of the last meeting. Ms. Calvert moved that the minutes of the April 22, 1987 Budget Committee meeting be approved as mailed. Dr. O'Donnell seconded the motion, and the minutes were approved by unanimous vote.

VOTE

CONTINUED REVIEW--LINE-ITEM DIVISION BUDGETS:

Maintenance: Ron Berkshire, Maintenance Administrator, stated that the purpose of the Maintenance division is to provide the public with clean, reliable buses, to insure manufacturer-recommended maintenance, and to insure the maximum bus life for each of the District's buses. The major responsibilities include: (1) maintenance operations, such as the daily servicing, fueling, etc., of the District's vehicles, performing preventative maintenance--inspections and repairs, tuneups, etc.--at regular intervals, handling unscheduled mechanical repairs, such as replacing burned out headlights, etc., and tire maintenance; (2) inventory control, including parts, new and recapped tires and the tires on the fleet, and contracting out certain repairs; and (3) cleaning, including the daily washing and interior cleaning of the fleet, as well as maintaining the inside advertising signs.

Mr. Berkshire said that the proposed staffing for FY 87-88 is the same as for the current year, including one maintenance administrator, three maintenance supervisors, one inventory supervisor, one data technician, three parts clerks, five journeyman mechanics, 10 mechanics, one tire specialist, four general service workers, two full-time cleaners, and four part-time cleaners.

The Maintenance division next year will focus on several areas. Fleet projects will include rebuilding the engines and rebuilding and modifying the lifts on the 700-series buses. In order to improve internal operating efficiency, Maintenance will implement a fleet management information system; review and revise the preventative maintenance schedules and procedures; implement an independent oil analysis program, which is important in preventative maintenance; and implement a fuel testing program to insure that the District's fuel meets its specifications.

Major changes in the budget include: (1) the change from parts keeper, which was a contract position, to a non-union inventory supervisor position; (2) a 7 percent increase in fuel and lubrication costs, caused by a slight increase in the number of fleet miles traveled each year, inclusion of the fuel testing costs, and a projection of 70 cents per gallon for fuel; (3) parts cost increases due to rebuilding of the 700-

series engines and the anticipation of increased repairs on the 800-series buses--which are no longer under warranty--due to their increased cumulative mileage; (4) printing costs for new forms; (5) the addition of expenditures for technical training for the mechanics, to increase their knowledge and proficiency; (6) a change in contractual services, which were budgeted at \$34,900 for FY 86-87, but resulted in expenditures of \$26,000 because the flooring for the 500-series buses is being replaced in-house rather than being contracted out, due to the District's unsuccessful attempts to find a vendor willing to perform the work. The FY 87-88 contractual services line-item is budgeted at \$34,500 because of the machine work which will be necessary to rebuild the 700-series engines and lifts and the cost of independent oil analysis.

Mr. (Roger) Smith wondered if there was a reason to believe that the District is not getting the proper fuel. Mr. Berkshire replied that a number of oil companies trade fuels, depending on availability in certain regions, and other transit districts have had experiences with receiving inferior fuels, which may not even be done intentionally. Mr. Smith also wanted to know if the District could demand a certificate of analysis because of the quantity of fuel it purchases. Mr. Berkshire said that he was in the process of preparing the specifications for contracts for implementation this fiscal year. He thought the procedure would have to be monitored for the first year or so, however, to be sure it works well.

Mr. Watkinson wondered if the District bought its fuel on bid. Ms. Rivenburg stated that the District has been operating off the spot market rather than contracts. Approximately half of the other transit districts purchase their fuel each way. In the past, there was no clear evidence that LTD could save money by contracting for fuel, but she said LTD would be examining this issue. Ms. Loobey added that during the gas crisis, LTD could not get anyone to contract for fuel and guarantee a supply or price. In response to a question regarding quantity of fuel on hand, Mr. Berkshire said that LTD's storage of 60,000 gallons is a little more than a 30-day supply. Mr. Smith also wondered if LTD had researched buying barges of fuel with other transit districts. Staff replied that the federal regulations had changed, but that this was a good question to research.

Non-vehicle Maintenance: Johni Giralt stated that she was hired as the District's purchasing agent in February of this year. She called the Committee's attention to the Non-vehicle Maintenance line-item budget on page 21 of that section.

The major responsibilities of non-vehicle maintenance are property management and passenger amenities, which are shared with Micki Kaplan in the Planning division. The focus for 1987-88 will be on property maintenance, especially on keeping the facility at 8th and Garfield in operating order without major investments or improvements. Changes in the budget include a reduction in lease rental agreements; an increase in the number of shelters and bus stops which need to be maintained; and the

transfer of computer maintenance to the proposed new Management Information Services division.

Mr. Runyan wondered if the District was responsible for picking up the garbage at each bus stop, and whether this job could be shared with the City. Ms. Giralt replied that the District already has a subcontractor who maintains shelters and bus stops, so garbage pickup is incorporated with that function. Ms. Loobey stated that the public complains if the stops are left dirty, and dirty conditions also encourage more graffiti and vandalism. She added that LTD encounters very little vandalism in the system now. Mr. Pangborn stated that the more successful the District is, with additional shelters and stops, the more it costs to maintain the facilities. He added that since open food or beverage containers are not allowed on the buses, patrons often have to leave garbage at the stops.

Capital Improvements Program (CIP): Mark Pangborn, Director of Administrative Services, discussed the FY 87-88 CIP. Because the District receives federal capital funds, it is rare that capital items are purchased solely with local funds. In most cases, federal funding covers 80 percent of capital purchases; however, the new facility is partially funded on a 75/25 match. Page one of the CIP in the budget document lists the total cost of capital items, but the District pays only 20 percent of that cost. Mr. Pangborn explained that the 1986-87 carryover items are items which the District planned to purchase during the current fiscal year. Because those purchases were not accomplished, the money will be carried over into next year's CIP and included in the total for FY 87-88.

Over the next three to four years, the District will spend almost \$11 million on the new operations facility. It is a major item in the FY 87-88 CIP, with \$4 million allocated for that year. Included in the capital grant is almost half of the planning administrator's salary, because of his responsibilities for facility project management. Also included in personal services in the CIP is two-thirds of the research assistant's salary, for his work on the Automated Passenger Counter (APC) project, which is grant funded.

Page 2 of the CIP shows the extended Capital Improvements Plan, with the first five years listed individually and the last 15 years listed in five-year increments. The FY 87-88 CIP is the only one included in the budget for next year, but looking at a 20-year time frame gives more perspective to the District's capital plans.

Mr. Pangborn stated that the CIP projects are dependent upon the availability of capital funds, since local resources are not available to provide 100 percent funding of these kinds of projects. He said that the likelihood of federal funding ending is minimal; the federal commitment to transit has been in capital rather than operating assistance, so transit districts are anticipating a long-term capital commitment.

Mr. Watkinson asked why the cost of the new facility is different this year than it was in last year's budget. Ms. Rivenburg explained that last year's budget included \$3 million which was expected to be spent

during FY 86-87, and the total cost for the facility was estimated to be \$9.6 million. Since that time, the cost estimate has increased to \$10.8 million. If the \$7.8 million in the FY 87-88 budget is added to last year's \$3 million, the total cost is \$10.8 million. Page 1 of the CIP shows a little over \$2 million as carryover from this year. Some of the money has been spent on architectural services, and it is anticipated that some will be spent for property acquisition before the end of the fiscal year.

Risk Management: Gary Deverell, Safety and Risk Manager, discussed the Risk Management budget on page 25 of the line-item budget. His major responsibilities in this area include purchasing and management of liability, workers' compensation, and property insurance; claims management; working with the insurance broker; and working with claims adjusters, who recommend and make claims settlements. He works closely with all divisions from the beginning notice to the final resolution of the claim.

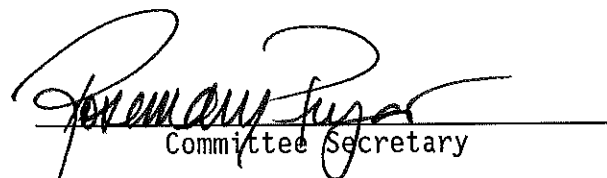
Mr. Deverell is the only staff person who works in this area, although he does have secretarial support from the operations secretary. He works closely with outside consultants, as well.

The focus in Risk Management will be on maintaining or decreasing the premium costs while maintaining coverage. This, he said, is more difficult now than in the past, but it can be done, in part, by deductibles and self-insurance. Another way to control costs is to manage and control claims, so a focus of the Risk Management program will be to offer more employee training and to place more emphasis from the District's Safety Committee on on-the-job injuries. Mr. Deverell will also be tracking trends in accidents through a new computerized data base.

A major change in the budget is the absence of administrative fees, since the broker will now receive a commission. As in the past, all potential workers' compensation and liability losses will be fully funded. If the District is able to stay within its projected losses, approximately \$363,000 will be available to carry over at the end of FY 87-88.

Dr. O'Donnell asked about DIC insurance. Ms. Loobey explained that DIC stands for differences in conditions, and includes errors and omissions insurance, which protects the Board and Budget Committee in their decisions.

ADJOURNMENT: It was moved and seconded that the meeting be adjourned to May 13, 1987 at 7:30 p.m. at the Eugene City Hall. The meeting was unanimously adjourned at 9:50 p.m.


Committee Secretary