MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

April 26, 1989

Pursuant to notice given to *The Register-Guard* for publication on April 13, 1989, 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, April 26, 1989, in the Eugene City Hall.

Present:

Board Members	Appointed Members
H. Thomas Andersen, Secretary	Duane Faulhaber
Peter Brandt, Treasurer	Donna Fuess
Janet Calvert, President	Rosemary Pryor, Committee Chairman, presiding
Keith Parks	John Watkinson
Gus Pusateri	

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

Absent:

Janice Eberly, Vice President	John Hire
Richard Smith	Robert O'Donnell
	Roger Smith, Committee Secretary

CALL TO ORDER: Ms. Pryor called the meeting to order at 7:40 p.m.

PUBLIC COMMENT: There was no public testimony at this meeting.

APPROVAL OF MINUTES: Ms. Fuess moved that the minutes of the April 27, 1988 Budget Committee meeting be approved as distributed. The motion was seconded, and the minutes were approved by unanimous vote.

ELECTION OF OFFICERS: Ms. Pryor opened nominations for Committee Chairman. Mr. Watkinson nominated Ms. Pryor. Mr. Andersen seconded. Ms. Calvert moved the nominations be closed, and Ms. Pryor was unanimously elected.

Ms. Pryor next opened nominations for Committee Secretary. Mr. Andersen nominated the current Committee Secretary, Roger Smith, and Ms. Fuess seconded the nomination. Mr. Brandt asked if Mr. Smith would be continuing on the Budget Committee, since he was not present at that meeting. Mr. Smith does plan to attend future meetings. With no further discussion, Mr. Smith was unanimously elected Committee Secretary.

INTRODUCTION OF NEW STAFF MEMBERS: Mr. Pangborn introduced three employees who were new to the District since the last Budget Committee meeting. They were Finance Administrator Brentt Ramharter, Personnel Administrator Bill Nevell, and Marketing Representative Connie Bloom-Williams.

BUDGET MESSAGE:

Budget Process: Mr. Pangborn explained the process for presenting division budgets, and stated that it was important to understand that no decisions had to be made before all presentations were heard. He said that the Committee normally has completed deliberations in either two or three meetings, but could take more or less time.

Mr. Pangborn briefly discussed each section of the budget packet, stating that the detailed and historical budgets were combined this year, at the suggestion of Dr. O'Donnell, and the five-year budget projections section, which had recently been discussed by the Board, was included in the packet for the first time. He stated that this year's presentations would focus on each division's priorities for the coming fiscal year and on major changes in the division budgets. Decisions that the Committee is being asked to make are approval of a supplemental budget for FY 88-89 and approval of the proposed budget for FY 89-90.

Fiscal Year 1988-89 Supplemental Budget: Mr. Pangborn called the Committee's attention to the chart showing FY 88-89 Projected Financial Activity, found on page 2 of the Budget Message. He stated that the current year has been very successful, and that the District should end the year with over 4.4 million rides, the largest number ever, surpassing even the worst fuel crisis. He said the District has been able to provide service to meet these needs even with a 10 percent cut in service since the fuel crisis, a 20 percent cut in the payroll tax rate, and decreases in federal funding. The result of these decreases and ridership increases is increased productivity for the District.

Mr. Pangborn stated that the District will end the fiscal year with $92,000 more than projected in passenger fares, primarily because ridership other than University of Oregon (UO) students has been higher than expected. Additionally, UO faculty and staff were added to the prepaid program and contribute $54,000 in revenues. Interest income is higher than expected, primarily because expenditures on the new facility have been less than projected to this point, and because the original projection was too conservative.

Payroll taxes have increased 11 percent over FY 87-88 instead of the projected 6 percent, which means that payrolls in this community have increased 11 percent over last year, since the payroll tax rate has remained the same.

In explaining the new category for Fuel Tax Reimbursement, Mr. Pangborn said that when the budget was prepared last year, it was staff's understanding that public agencies would be exempt from paying the fuel tax, even though there had been changes in the federal tax code. However, the District did have to pay the tax, but those funds will be reimbursed.

Personal Services shows a deficit for FY 88-89 because staff had miscalculated the District's single largest line-item, wages for bus operators, by $91,000, causing a variance of $42,238, which will require a supplemental budget. This year, staff found an error in the projecting method and have corrected it for the proposed FY 89-90 budget. Materials and Supplies were also overexpended, by $40,865, but Contractual Services were underexpended by $26,531. The balance in these three categories is a deficit of $56,572.

The contingency for the current year was only $50,000, because $150,000 of the original contingency was needed for cost overruns due to higher than anticipated bids for construction of the new facility. If the contingency is used toward the deficit, it results in a total deficit in expenditures of $6,572. However, because of the higher than anticipated revenues, the District is projected to end the year with a positive balance of $628,383, which staff are proposing to allocate to the Capital Projects Fund for future capital needs.

Mr. Pangborn stated that a significant feature of the FY 88-89 budget is that expenditures were budgeted very closely to actual.

Mr. Andersen asked how much of the increase in interest income was due to the fact that the District retained capital funds longer than expected and how much was due to under-estimating the income, or, more specifically, what would be used to project this income for the future. Mr. Pangborn replied that $160,000 in interest income is anticipated in FY 89-90, which is close to the budgeted figure for FY 88-89. This means that the increase this fiscal year was basically due to retaining capital funds, but those funds should be completely expended this year, as the last year of construction of the new facility.

Fiscal Year 1989-90 Proposed Budget: Mr. Pangborn called the Committee's attention to page 1 of the Line-item Budget section of the budget packet, which shows General Fund resources for FY 89-90. In trying to make conservative estimates of revenues, staff have projected a 4.8 percent increase, resulting from a 4 percent inflationary and ridership increase and an .8 percent service increase. Charter revenues will be higher next year, largely because of service to the World Veteran's Championships in July. Mr. Pangborn added that charter expenses include fully allocated costs, so there is some profit in the charter revenues.

Mr. Pangborn stated that the District's payroll tax model estimates an 8.2 percent increase in payroll tax revenues, assuming that the Governor's economic forecasts are correct. Section 9 operating revenues will be slightly higher in FY 89-90, due to a higher federal cap for operating funds, but capital funding will be lower, causing a total reduction in Section 9 funding of approximately 8 percent. Mr. Pangborn used a chart to show the loss of federal funding from 1985 to 1990, which is a result of a 39 percent overall reduction, or about 9 percent per year.

Section 18 funding is used to provide service in Junction City, and is expected to increase by 5 percent. Special Transportation Fund (STF) revenues are expected to diminish somewhat. Mr. Pangborn explained that STF revenues are from a one-cent tobacco tax which is to be used to provide service for elderly and handicapped riders who cannot use the fixed route. The District receives this money and passes it on to the Lane Council of Governments (L-COG) for use throughout Lane County. Since these are pass-through funds, the revenues and expenditures will be the same.

The District will not pay fuel taxes next year, so will not receive a reimbursement, as is being done this year.

Total revenues are projected to be $10,751,950 in Fiscal Year 1989-90.

Mr. Pangborn then discussed projected expenditures for FY 89-90, as shown on page 2 of the Line-item Budget. He stated that Personal Services expenditures will increase by approximately $512,000. Salaries for contract employees are scheduled to increase by 3 percent and for administrative employees by 3.5 percent. Also, the budget includes a proposal to add one full-time and one part-time bus operator, to accommodate the approved .8 percent service increase, and one full-time transportation secretary and one full-time receptionist, to be added mid-year when the District moves into the new facility. Additionally, the planning administrator and computer systems analyst positions have been partially paid through federal grants; however, that grant money is running out and the proposed budget includes full funding of those positions from the operating budget.

Mr. Pangborn stated that the largest increase in expenditures is due to increases in fuel costs. Utility costs are expected to increase because, although the new facility will be more efficient than the current facility, it is also three times as large. Increases are also expected in expenses for uniforms and Marketing Materials & Supplies, and the contingency is being increased back to $200,000. Mr. Pangborn stated that the transfer to Risk Management for 1988-89 was actually more than the $409,700 which is proposed for next year, but it was done with a year-end balance. Staff are proposing that $767,959 be transferred to Capital Projects for future capital needs. This leaves a budget in which revenues and expenditures are balanced, with no change in the tax rate; less than a 1 percent service increase; and the addition of several employee positions.

<u>General Administration</u>: Mr. Pangborn also discussed the line-item budget for General Administration. The FY 89-90 priorities for this division are to anticipate needs and direct the move to the new facility; direct the purchase of 25 new buses; and direct the planning process for a new Eugene downtown station. The major changes in the budget include the addition of a receptionist in the new facility, in order to consolidate all telephone and visitor reception, which is not done now, and to free some secretarial time by doing

so. Another change is that utilities are not budgeted under General Administration for next year; rather, utility costs will be monitored by the Facilities Maintenance Coordinator and found in the Facilities Operations budget. A third major change is that $10,000 was budgeted for Contractual Services this year, but $15,000 will be spent, and $15,000 is being proposed for FY 89-90. Mr. Pangborn stated that he had hoped the District's legal needs would diminish this year, but found that they did not.

Ms. Pryor asked if the District would have to negotiate a new labor contract this year. Mr. Pangborn replied that the current contract will expire on June 30, 1990, so negotiations will begin in March or April, 1990. He added that the current contract specifies a 3 percent raise for FY 89-90.

Management Information Services: Joe Janda, MIS Administrator, stated that MIS is charged with maintaining and monitoring the District's computer systems and providing training and day-to-day support. The two staff members in this division are the MIS Administrator and Computer Systems Analyst. The division's priority for FY 89-90 is to implement new computer software systems, including applications for personnel and risk management, facilities maintenance, scheduling, bus operator bid sign-up, timetables and bus stop information, and automated passenger counters (APCs). Staff training and support will be provided with these new applications.

A major change in the MIS budget is found in the Personal Services line-item, which proposes to fund the Computer Systems Analyst position 100 percent from operating funds. Mr. Janda explained that in 1986, the District began an APC test program funded by the Urban Mass Transportation Administration (UMTA), and the Analyst's position was partially supported by the federal grant. The use of APC's will allow the District to collect boarding and deboarding information at all bus stops. Mr. Janda stated that the grant money has been spent, but next year is a crucial phase because the APC's will be implemented throughout the system.

The proposed MIS budget also includes a slight increase for Materials & Supplies, primarily due to the need for increased technical training for the two staff members. Contractual Services will decrease as a result of the consolidation of two computer systems which will be achieved next year, so there will not be duplicate maintenance costs. Consulting fees include training for all staff on the various computer applications at the District.

Finance: Brentt Ramharter, Finance Administrator, explained that Finance includes such functions as accounting, financial reporting, grant record-keeping and reporting, cash receipts and disbursement, and farebox counting. The priorities of the division are to provide accurate information, comply with state and federal accounting requirements, and assure an independent audit report with no significant exceptions.

Major changes in the proposed Finance budget include an increase of $1,600 in the printing budget to cover the cost of new forms and bidders' list applications, which are a new state requirement, and a one-time $5,000 consulting cost to assist in the District's initial testing for IRS Section 89 compliance.

Mr. Brandt said that the rules are not yet clear and that he thought the law would change and Section 89 testing would not be required. He said he would not want to see the testing occur without first checking with him. Mr. Ramharter agreed, and said that the $5,000 was being budgeted in case the testing would be required. In any event, LTD's testing would not be done until February 1990.

<u>Personnel</u>: Bill Nevell, Personnel Administrator, discussed the three priorities he had set for FY 89-90, which are to upgrade the District's recruitment procedures and review the selection standards; to insure appropriate training for all employees; and to prepare for contract negotiations.

Major changes in the proposed budget include a decrease in Personal Services, due to the change in Personnel Administrators, and an expenditure of an unbudgeted amount in of $3,620 in FY 88-89 for Temporary Unclassified, because a student intern had been hired to help with personnel matters while the Administrator's position was unfilled. The amount of $3,000 is proposed for Temporary Unclassified for FY 89-90, in order to provide help on special projects. An increase in the Training and Travel line-item would be to provide training for the new Personnel Administrator, who is new to public sector personnel.

A substantial increase is proposed for Employee Programs, from $800 in FY 88-89 to $11,500 in FY 89-90. Mr. Nevell explained that this money would be used to fund cultural diversity/affirmative action training, and supervisory training associated with new federal drug regulations. He explained also that in FY 88-89, recruitment was funded from Miscellaneous Materials & Supplies, but would be included in the Employee Programs budget in FY 89-90.

The Contractual Services category also shows an increase, to be used for pre-employment and fitness-for-work examinations, and for the Employee Relations line-item, made necessary by the Junction City arbitration and contract negotiations.

Mr. Andersen asked about the Junction City arbitration. Mr. Nevell explained that it is a subcontracting issue; the District subcontracted with a private provider for service in Junction City. The Union grieved the service initially, and the arbitrator ruled the District could subcontract. The Union then grieved that the District was not complying with the arbitrator's ruling, and staff had received the arbitrator's ruling on the second grievance that day, in favor of the Union. Mr. Nevell said that staff were in the process of reviewing the ruling and did not yet know what the District's position would be.

Mr. Brandt asked about affirmative action and cultural diversity training. Mr. Nevell said that staff were in the process of revising the affirmative action plan and creating an employee AA/EEOC committee. Cultural diversity training is proposed in order to help make LTD's employees aware of the different cultures, races, and ethnic groups in the community, in order to understand and relate better with the community, as well as how to react in certain situations. Mr. Nevell said he had attended a training session provided by the City of Eugene, and wanted to provide training for bus operators, especially, since they are working with the public on a daily basis. Mr. Brandt asked if this kind of training was necessary. Ms. Loobey replied that staff believe it is, because the composition of the community is changing, and because there had been some negative cultural attitudes directed toward District employees due to the makeup of the work force. She explained that several hispanic drivers had been harassed, and staff would like to help them know how to handle those situations, as well as insure that LTD employees treat the public in a nondiscriminatory way.

Mr. Nevell said this training is also applicable to the work force internally, to insure that employees treat each other with respect in order to respond positively with the community. Ms. Loobey stated that a single racial discrimination or sexual harassment claim filed with the Bureau of Labor would cost a lot more than the amount proposed in this line-item. Mr. Nevell added that such a claim could also bring tremendous turmoil and reduced productivity to an organization.

Mr. Watkinson said this kind of training is also compatible with a lot of other things that are happening in the community, including within the school districts, to recognize the changing cultural makeup of the community. He said he believed this kind of activity to be necessary.

<u>Safety and Risk Management</u>: Gary Deverell, Safety and Risk Administrator, first discussed the Safety & Training line-item budget. Priorities for Safety & Training include increasing safe-driving miles, or miles between accidents, through offering defensive driving courses to the bus operators; providing safety and comfort checks through an outside source not known to the drivers; adding to the safety incentives program; and stressing customer relations. He explained that the accident rate is lower for a period of time after defensive driving courses are offered and then begins to increase after several years, and it is time to provide those courses again. Other goals are to minimize Workers' Compensation accidents, time loss, and costs, and to protect the District's assets against any catastrophic losses.

Changes in the budget include $6,000 for prizes to be given to top safety award achievers, and an increase from $250 to $1,000 to be awarded to the Employee of the Year. Mr. Deverell stated that the safety incentive awards for bus operators and Maintenance employees who earn 10-, 15-, and 20-year awards was suggested by a Board member at the last employee awards banquet.

Consulting fees under Contractual Services include $1,000 to hire a consultant to assess the District's training needs, primarily in the area of customer relations.

Mr. Andersen asked who selects the Employees of the Month and the Employee of the Year. Mr. Deverell explained that Employees of the Month are nominated by the public and fellow employees, and a committee comprised of the

General Manager, Personnel Administrator, Safety & Risk Administrator, and a Union representative choose one employee per month for this award. From that group of 12, the same committee selects the Employee of the Year. Ms. Loobey stated that there will be a lot more interest in the Employee of the Year award with this increase in the monetary award, just as staff believe that increasing the monetary reward for safe driving will increase employees' incentive. She added that it is difficult to achieve a safe-driving award, but that the District has bus operators who have been driving approximately 400 miles per day without a single preventable accident and have earned their ten-year and 15-year awards.

Risk Management: Mr. Deverell also discussed the Risk Management budget. Priorities for FY 89-90 are to maintain or decrease premium costs while maintaining adequate coverage for all District risks, and to control and manage all claims.

Changes in the budget include an increase in administrative fees for a consultant from one-half year of service in FY 88-89 to a full year in 1989-90, and an increase in miscellaneous insurance due to the higher cost of boiler and machinery and builder's "all risk" policies for the construction phase of the new facility.

Ms. Calvert asked what happened to the insurance crisis of a couple years ago. Mr. Deverell replied that insurance crises seem to be cyclical and would be back, and that the District wanted to be prepared when that happened. In response to a question from Mr. Brandt, Mr. Deverell explained that construction is scheduled to be completed about half-way into FY 89-90, so next year's miscellaneous insurance costs will be lower than this year's actual costs.

In response to a question from Mr. Watkinson, Mr. Deverell stated that the District budgets for the worst case in the Risk Management Fund, and if claims costs are contained, the balance in the fund will roll over to the next fiscal year. He said he hoped to have $400,000 out of $600,000 for self-insured retention to roll over at the end of next year. Mr. Watkinson remarked that the District's experience is that it does not spend much of the $500,000. However, Ms. Pryor commented that it would only take one accident to deplete the fund.

Marketing: Ed Bergeron, Marketing Administrator, listed priorities for the division, which include implementation of improvements suggested by a consultant in a federally-funded study performed last year; strengthening the District's image and visibility in the community and building on the current strong position; maintaining some of the successful ridership promotions that have been established over the past few years; and letting the community see the new facility and learn how their investment will pay off for them.

Mr. Andersen asked if that meant that there would be tours of the new facility. Mr. Bergeron said it did; that there would be tours to compare the old and new facility, as well as grand opening ceremonies. Marketing's job, he said, would be to help translate how the new facility results in better service to the community.

Changes from the FY 88-89 budget include an increase in printing to fund new production recommended by the TransCom study and to respond to state and federal purchasing regulations, and to increase in-house production and design work. Contractual Services also shows an increase in advertising agency fees, to fund a new ridership campaign program consistent with growth and service, and an increase in miscellaneous services, for additional service and maintenance costs associated with expansion of bus stop and transit station information systems.

Ms. Calvert asked what would be phased out and replaced with the $65,000 in advertising agency fees. Mr. Bergeron called the Committee's attention to the detail shown on pages 14 and 15 of the Line-item budget. He explained that the summer youth pass promotion television commercial is four years old, and the style is not appropriate to attract kids these days. The football ad talks about 2500 carries a game, but should be changed to show the increase to 9000 carries a game. Marketing would also like to create television advertising directed to college students at the UO and Lane Community College (LCC), as a result of the District's new prepaid fare program at the UO, and would also like to attract more riders from the Sacred Heart Hospital market. These changes would be made in order to improve the District's image and strengthen the opportunities to attract new riders.

Mr. Andersen wanted confirmation that the increase from advertising agency fees from $30,000 to $65,000 was part of the $40,000 ridership campaign, and asked how often LTD opens the advertising agency contract. Mr. Bergeron replied that it was, and said that the District went through a complete selection process the year before last and is now on a year-to-year basis, with a three-year maximum, so is one year away from having to go through the selection process again.

<u>Customer Service Center</u>: Mr. Bergeron also discussed the CSC budget. He said that this year, the CSC had a 25 percent increase in telephone calls, but had managed to reduce the lost-call rate. Each percentage point gained in the lost-call rate salvages about 1,300 calls a year. Seventy-five percent of those who call the CSC ride the same day. Mr. Bergeron called this an amazing accomplishment for the CSC staff. A priority for the CSC is to maintain or reduce that lost-call rate, which is currently at 4.4 percent. He said the industry goal or standard is about 3 percent. Another goal this year will be for the CSC to take over the Rideshare/Carpool project from the City of Eugene Public Works Department, and to maintain that program at a consistent level. He said that LTD can provide this service on a better economy of scale and more efficiently than the City, and may be able to increase the level of the project. Another goal is to expand the number of outlets for tokens and passes, to reduce customers' dependency on the CSC for those items. The CSC also plans to implement a training program for children in kindergarten through grade three, to help educate them and encourage them to use the bus. Mr. Bergeron explained that a few years ago the District invested in a puppet show, which the CSC now hopes to be able to take into the schools, as well as add printed materials to use with the puppet show.

An additional 10 hours per week in the Personal Services line-item is being requested, to allow staff to respond to an increased workload from ridership increases and the Rideshare/Carpool program, and to cover one employee's salary while he participates as the District's United Way Loaned Executive next fall. Rideshare training will allow staff to be trained on the computer hardware and software, which the District will take over from the City. The training will be provided by the consultant who developed the software for the City. Training costs also include money to send the CSC manager to a regional training conference next year.

Ms. Calvert said she had no doubt that the District can do the Rideshare/ Carpool program effectively, but she wondered what benefit LTD would gain from this program, since the City had originally agreed to provide the service to reduce parking problems. Mr. Bergeron said it is a nice step for LTD to get people out of one-party cars and a step closer to using mass transit. He said it would also allow LTD to provide a service to people who may not be on a bus line. He saw the program as an easy one for the District to use to provide a stepping stone to mass transit. He said LTD would receive no reimbursement, but would take over the City's computer hardware for this program.

Mr. Brandt said he wanted to make a comment about the Marketing budget. He stated that he has a hard time believing that LTD is justified in spending $525,000 to generate $1.8 million in passenger revenues. He contended that if the District spent no money at all on marketing, it would not lose ridership. He said LTD was spending 30 percent of the revenue it generated on marketing, and he thought that was out of line. He said he didn't know the answer, but wanted everyone to think about this question.

Ms. Loobey said that Mr. Brandt's comment was a fair one, and suggested looking at the historical basis and components of Marketing at LTD. For example, a large component of Marketing is printing costs for timetables, system maps, and other informational materials, and that the system could not exist without those. There are also agency fees associated with those printing costs. She stated that advertising alone is much different than "marketing" at LTD.

Mr. Brandt thought maybe those components should be made separate, because he does not consider timetable printing as a part of marketing. Rather, he said, marketing implied trying to generate ridership, and the expenditures seemed way out of line. Ms. Loobey agreed that it would be out of line if the expenditures were considered just as marketing expenses. She said staff could go through the detailed budget and discuss each line item, and added that she believed that LTD could not have done as well as it had in ridership growth without the marketing element.

Mr. Bergeron stated that this was a complex question, and that it was interesting to look at the District's investment per customer. He used a chart to show that the investment per customer had been fairly consistent over several years, using adjusted dollars which were held constant for inflation from 1985-86 using the Consumer Price Index. He said that LTD is also approaching its eighth year of ridership growth, and had been able to offset the decreases in the cost of fuel and the employment ups and downs in this community, while most other transit districts in the nation are experiencing ridership decreases.

Ms. Calvert wondered why funding for Bus Rider of the Month awards was found in two budgets. Mr. Bergeron explained that Safety & Training is in charge of the program, but Marketing communicates to the public who the Bus Rider of the Month is by placing an ad in the newspaper. This is done to let the public know that bus riders are people just like them--kids, retirees, business people, etc., and to help dispel the misconception that transit riders are different than regular people.

Ms. Fuess asked how often the advertisements are updated. Mr. Bergeron replied that since 1979, ads have been updated about every three years, depending on the ad and changes in ridership. Refreshing the advertising message from time to time allows the District to continue to have an impact, rather than having people tune out the message after awhile.

Ms. Pryor said she wanted to respond to Mr. Brandt's comments with an opposite viewpoint. She said when she looks at the proposed Marketing budget, she sees almost $200,000 in personal services and $30,000 in printing, which is a passive form of advertising and not proactive marketing. Media advertising, at $107,000, means that one-fifth of the Marketing budget is used to go into houses or on the street on a regular basis, and that is marketing to persuade people to become bus riders. She said that when things are "buzzing," people tend to look for cuts in the marketing budget, but that budget is crucial because things will level off and LTD will have lost precious ground in persuading people to ride.

Mr. Brandt thought, however, that UO students were riding the buses because they are paying into a fund to do so, and that he truly believed that the District was spending far in excess for fancy advertising in relation to the revenues generated, and he thought that was hard to justify.

Mr. Watkinson said he would second Mr. Brandt's concern about the percentage of money spent on marketing and the return on investment. Mr. Brandt thought that if LTD spent $200,000 less on marketing, there might be a 30 percent decrease in ridership money, but not $1 million less. Ms. Loobey said she did not know how to project a decrease, but she thought there would not be ridership growth.

Mr. Brandt stated that he thinks Mr. Bergeron does a good job, but that the advertising is too "slick" for public transit and that LTD did not need to be winning all those advertising awards. He thought the District should just be telling people what is available.

Ms. Pryor asked if Mr. Brandt wanted the Committee to take any action regarding the Marketing budget. Mr. Brandt said he did not, as long as everyone else was satisfied with it.

Planning: Stefano Viggiano, Planning Administrator, discussed the Planning and Special Transportation budgets. He said that Planning's number-one priority each year is to increase ridership by improving the service design and addressing service needs. Other goals for FY 89-90 are to complete construction and move into the new facility; determine a long-range solution for the Eugene downtown station; complete planned capital improvements; and complete an Origin & Destination (O&D) Survey, which surveys bus riders' travel patterns, demographics, and opinions. The O&D Survey is normally done every three years, but will be done after two years this time because the system has changed so much since the last survey.

One major change in the budget is the return to full funding of the Planning Administrator's salary from operating funds, rather than charging a portion to the facility project in the Capital Projects Fund. The costs for temporary workers and printing will also increase, both due to the O&D Survey. Finally, the consulting fees will be increased, in order to begin engineering and architectural services for a new Downtown Eugene and possibly for expansion of the UO station, due to increased ridership at the UO since the station was built.

Special Transportation: Mr. Viggiano explained that most of the funding for Special Transportation comes from the State one-cent cigarette tax, which provides the Special Transportation Fund (STF) portion of this budget. This money is received from the State and passed through to L-COG for provision of special curb-to-curb services for the elderly and handicapped in Lane County who cannot use fixed route service. The $107,100 proposed for the consortium is from the District's general fund for Dial-A-Ride services.

Mr. Viggiano stated that priorities for the program include continuation of the District's participation in an advisory capacity regarding the spending of STF money effectively within the community; to monitor the contract with L-COG for Dial-A-Ride services; and to seek to broaden the funding bases for the consortium, which is basically a consolidation of services in the area.

Major changes in the budget include a decrease of $31,000 in STF funding. Mr. Viggiano explained that this includes operating and capital, and that operating funds will remain the same, but the capital reserve has slowly been used. However, the level of service to the community will not change. The budget also includes a 4 percent inflationary increase in the District's contribution to the consortium.

Transportation: Don Gray, Transportation Administrator, discussed the proposed Transportation budget. He said that the division had three major priorities. The first, to stress the concept of the customer to passengers, contract employees, staff, and the community, involves managing the student riders better and equipping drivers to handle situations to the satisfaction of all customers; simplifying the pass system to provide fewer and more easily recognizable passes; and providing better security for Operations and the customers through more supervision in the field, to be done by decreasing the clerical work load currently performed by the field and system supervisors.

Another priority for the division will be to assure consistency and reliability of service by retaining Correct Schedule Operation (CSO) at 99 percent or better and by maintaining high service standards during the move to the new facility. A third priority will be to increase staff efficiency and effectiveness through the use of local training opportunities; involving the bus operators more in the decision-making process through committee involvement; encouraging participation in the Take Care program (wellness, stop smoking, weight loss, stress reduction, etc.); and the reduction of absenteeism from 4.7 percent to 3 percent. Mr. Gray stated that a firm is developing software to perform the driver bid process. The District is required by union contract to hold three bids a year, for a total of 900 hours per year, but the new software is expected to reduce the time to 300 hours a year.

Changes in the Transportation budget include the addition of a transportation secretary in January 1990 to relieve the system and field supervisors of clerical duties; the addition of a full-time operator to meet the demands of service increases in the fall; adjustment of the calculation error in operator wages in the FY 88-89 budget; addition of a part-time operator, either in the summer, to help with special services such as the World Veterans Championships, or in the fall, when service increases begin; and a $10,000 increase in the incentive program. Mr. Gray explained that a one percent reduction in absenteeism results in $25,000 savings in wages. In FY 89-90, $4,600 is designated for increases in quarterly drawings. Also, for the first time, $5,400 has been proposed to recognize bus operators will perfect attendance. Uniform costs are also increasing, by $45,000, because the supplier has moved to Portland and the jackets are obsolete, so a committee is currently reviewing options for new uniforms.

Mr. Gray said that the cost of Junction City service is also expected to increase, due to inflation and increased insurance costs. Mr. Brandt asked about the ridership dollar return in Junction City. Mr. Viggiano said he thought the cost of service was about $18 per trip, which is higher than staff had hoped. He added that it is a pilot program which is due to be reviewed next fall or winter. If total ridership had not increased, he said, staff would have recommended elimination of the service. The result of arbitration now means that LTD would have to offer the service itself, which would more than double the District's costs.

<u>**Vehicle Maintenance**</u>: Ron Berkshire, Maintenance Administrator, discussed the proposed Maintenance budget. Priorities for the division are to maintain the reliability of the existing fleet; to prepare for an increase in the fleet size by 15 buses, including development of a procedure to monitor the manufacturing of the buses and make sure they meet the specifications and assessment of the impact of the increase on staff, inventory, maintenance, etc.; and to implement an orderly transition to the new facility, including both the physical move and changing operating procedures once in the new facility.

Mr. Berkshire stated that there is a significant increase in anticipated costs for the fuel and lube line-item. He explained that last year staff budgeted 65 cents per gallon for fuel, and the average has been 56 cents per gallon. However, two weeks ago the cost increased to 79 cents, and had then gone down to 73 cents per gallon. He added that the increase due to increased mileage will only be about 2.75 percent. He said that people in the petroleum market are predicting a slight decrease in the cost of fuel through the summer, a leveling-off to early winter, a moderate peak in the winter, and another drop in the spring. He thought that estimating 80 cents per gallon was a realistic estimate.

Mr. Berkshire said that fuels and gas for the non-revenue vehicles (the District's cars) had been consolidated under the Maintenance division rather than individual divisions. Additionally, radial tires for the buses will cost about 22.5 percent more initially, but tests show that radial tires will at least double the District's tire mileage, and some test tires are tripling tire mileage. Because engines, transmissions, and lifts on the 800 series buses are beginning to show age and the effects of accumulated mileage, the proposed budget shows an anticipated increase for repairs on those components. Utilities also show an increase, due to the move to a larger facility and an estimated 7 percent increase in EWEB charges.

Mr. Andersen wondered of a reference to performance objectives implied that evaluations are new to the division. Mr. Berkshire replied that performance evaluations have been ongoing, but the form has been improved from a check-off list to a more descriptive, interactive type of report.

Mr. Brandt wondered if it would be possible for the District to hedge on fuel costs, and whether LTD could buy futures in the oil market. Mr. Pangborn said that some larger transit districts do this and some even store the fuels themselves, but that LTD staff do not have much experience in this kind of activity. Mr. Brandt said he was suggesting it not to make money, but to protect the District against cost increases. He said he would like to look at this a little to know what would be possible.

Mr. Berkshire said he had checked the brokerage situation in the surplus petroleum market, but that this is sporadic and time consuming. Mr. Brandt said he was interested in straight safe hedge, and Mr. Berkshire's only concern was to make sure the District received the quality of fuel it expected.

Facilities Operations: Jim Roderick, Facilities Maintenance Coordinator, discussed the proposed Facilities Operations budget. Priorities for the division are to insure clean and well-maintained facilities, both new and old, including the Customer Service Center, transit stations, bus stops, and shelters; and to continue the shelter rehabilitation program. He called the Committee's attention to an error on page 25, under Building and Property Maintenance, where the $21,000 from FY 88-89 should have been carried into the Proposed column for FY 89-90.

One change in the budget, an increase for shelter hardware and breakage replacement, is made necessary because 17 shelters were added this year and more are scheduled to be added next year. Landscaping costs will decrease next year because there is a one-year maintenance warranty at the new facility.

Mr. Parks asked how garbage is picked up at the shelters. Mr. Roderick replied that it is contracted out in the sign and shelter maintenance program. When Mr. Parks said that some garbage cans always seem to be overflowing, Mr. Roderick said that all are emptied on Wednesdays and Fridays, and that he had just added an extra 25 to be emptied on Mondays.

ADJOURNMENT: Mr. Pangborn told the Committee that the Capital Improvements Plan (CIP) and the Five-year Projections were left to be discussed, and wondered if the Committee members wanted to go past the normal 10:00 p.m. ending time or wait until next week to finish. Mr. Brandt moved that the meeting be adjourned to 7:30 p.m. on Wednesday, May 3, 1989, at Eugene City Hall. Mr. Andersen seconded the motion, and the meeting was duly adjourned at 9:50 p.m.

Roger L Smith

Committee Secretary