MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

April 8, 1992

Pursuant to notice given to *The Register-Guard* for publication on March 30, 1992, 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 8, 1992, in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present:

Board Members	Appointed Members
Jack Billings	Rick Crinklaw
Peter Brandt, Treasurer	Duane Faulhaber, Committee Chairman, Presiding
Janet Calvert	Gerry Gaydos
Tammy Fitch, Vice President	John Humbert, Committee Secretary
Pat Hocken	Tim Luck
Thomas Montgomery, Secretary	Cynthia Pappas
Keith Parks, President	Roger Smith

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

CALL TO ORDER: Mr. Parks, LTD Board President, called the meeting to order at 7:30 p.m. in the absence of a Committee Chairman. He asked that each person say a few words of introduction about him/herself during roll call. Following the Board roll call, Ms. Loobey introduced staff who were present at the meeting.

PUBLIC COMMENT: There were no members of the public present.

MOTION **APPROVAL OF MINUTES**: Ms. Fitch moved that the minutes of the April 24, 1991, Budget Committee meeting be approved as distributed. Mr. Montgomery seconded the motion,
VOTE and the minutes were approved by unanimous vote.

ELECTION OF OFFICERS: Mr. Parks opened the nominations for Budget Committee
MOTION Chairman. Ms. Calvert nominated Mr. Faulhaber. Mr. Billings seconded the nomination. Ms. Fitch moved that the Committee cast a unanimous ballot for Mr. Faulhaber. Mr. Billings
VOTE seconded, and Mr. Faulhaber was elected by unanimous vote. Mr. Faulhaber took his place at the head of the table.

MOTION Mr. Faulhaber then opened the nominations for Committee Secretary. Ms. Calvert nominated Mr. Smith. The nomination was seconded, and Ms. Calvert moved that the Committee cast a unanimous ballot for Mr. Smith. The motion was seconded, and Mr. Smith
VOTE was elected Committee Secretary by unanimous vote.

BUDGET PRESENTATION:

Budget Overview: Ms. Loobey welcomed the Committee members and began the budget process by presenting a brief history of the District and an overview of local, state, and federal regulations impacting the District's future. She said that in the past the budget essentially stood alone, but this year staff would be presenting the first year of a five-year Long-Range Financial Plan, showing a connection between the years. Staff had become more aware through the years that the District needed to look farther into the future; transit was a long-range business. As an example, it took about two and a half years to purchase buses. The District's Capital Improvements Program (CIP) had been extended as far out as 20 years, and now the budget was being cast in a five-year framework.

Ms. Loobey said that staff wanted to give the Budget Committee an understanding of the concepts, theories, and assumptions that had gone into the Long-Range Financial Plan. Therefore, for the first time, the budget document was being presented to the Committee in a strategic framework.

Ms. Loobey said it was expected that the population of the state of Oregon would grow by about a dozen Eugene/Springfields by the year 2010. The state needed to plan early enough for that growth in order to avoid the strategic errors made in areas such as Puget Sound. Ms. Loobey said there were tremendous transportation problems in the Seattle area, from Olympia to Everett. Portland, however, made a commitment twenty years ago to light rail, restoring the waterfront, and other kinds of investments which have made Portland the booming economic area in Oregon.

Ms. Loobey said that LTD was entering its third decade of operations. It stated out a small company and suffered a downward spiral which happened to transit throughout the nation, when communities dispersed and automobiles and the suburbs became a way of life in the U.S. When the private transit operator could no longer provide the service, the Eugene and Springfield City Councils petitioned the Governor to create a transit district. LTD became a public body with government subsidies in May of 1970. Ms. Loobey explained that the driving reason for the cities to take this action was not congestion, pollution, or the energy independence of the country; rather, it was done out of a concern that people who were too young, too old, or too poor to have a car needed to have transportation. It was done for the transit-dependent population within the urban community, and was seen as a necessity.

Between 1970 and about 1990, the Board, Budget Committee, and staff built LTD from an organization valued at $25,000 to a public corporation whose facilities and equipment currently were valued at almost $30 million. Many public documents during that time talked about congestion, pollution, etc., and set the strategy for a viable alternative to the private automobile. However, the cities, county, etc., all had separate plans. LTD operated in a fairly independent fashion from the cities and county. The District had moved from providing transportation for transit-dependent riders to a greater share of people using the bus as "choice" or discretionary riders. People were riding because of environmental concerns, because it was economical, and for other discretionary reasons. During the last five years, ridership at LTD grew 70 percent. A lot of that was due to the group pass program, which began with the University of Oregon and expanded to include Sacred Heart Hospital, because the hospital did not want to build another parking garage and approached the District to help solve that problem. The University and Sacred Heart Hospital, both payroll taxpayers, were happy with the group pass program and that the District could help provide solutions to parking and traffic congestion in their area.

Ms. Loobey said that there had not been an aggressive effort on the part of the cities and county to make transit work in the way their policies said it might or should work. There was a massive shift in public opinion at the federal level, however, in 1990, when President Bush signed the Clean Air Act, which was an almost startling change in direction from the federal government on a couple of issues. First, the Clean Air Act said that the country was going to clean up its air. Second, it was very clear in the Clean Air Act that it was up to the states to devise the strategies to accomplish this goal in non-attainment areas. The state response in Oregon was to look toward the LCDC and emphasize the LCDC Transportation Rule/Goal 12. The goal and the rules for that goal were promulgated in the summer of 1991.

Another public document which set the stage for change was the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. The ISTEA first said that the federal transportation agency would no longer be called the Urban Mass Transportation Administration (UMTA), but would now be called the Federal Transit Administration. The ISTEA said that funding would be increased at a much greater rate than for the prior nine years, and would look at transportation management and its linkages, which went right back to the Clean Air Act. Ms. Loobey said that notion that transit was only for the two-young, too-poor, or too-old had gone "right out the proverbial window."

Ms. Loobey said that the LTD Board had been dealing with these strategic issues and looking into the future of the District and the community. She showed the relationship between population growth, which was about 2 percent per year for the last ten years or so; service growth, which closely followed population growth; and vehicle miles traveled (VMTs) per capita. Despite strides made in producing automobiles that burn cleaner, VMTs in this country were growing faster than the improvements in the automobile could keep up with, and the air continued to get dirtier. VMTs were increasing at four times the rate of population growth.

Ms. Loobey said that the community and state missed a big area when transportation systems management and land use planning were not linked, but treated as separate items. Goal 12 gave instructions to find a way to stop doing that. The Commercial Lands Study said things would be done differently than they used to be. The Central Area Transportation Study talked about doing transportation systems management and land use differently.

Ms. Loobey used the area between Beltline, I-5, and Coburg Road as an example of an area with poor land use/transportation planning. There were no north/south or east/west corridors, and the District could not get buses through that area to serve the residents. Additionally, there was some commercial development which the District could not serve because the buses could not travel or turn on the roads. One developer behind Marie Callender's had put in nice shelters, but the buses could not get there.

Now, she said, the community had a dilemma. Goal 12 stated that for the next ten years, VMTs were to be reduced to a zero percent growth. During the second ten years, VMTs were to be reduced by 10 percent, and during the third ten-year period, VMTs were to be reduced 20 percent. If the community did not make progress toward those goals, transportation money would be withheld.

Ms. Loobey explained that staff had started working on the technical planning committees for the Metropolitan Policy Committee (MPC), dealing with land use issues and the TransPlan. The technical planning committees began to receive technical documents and saw that transportation and land use were being linked through the planning process. The MPC changed its by-laws to include two members of the LTD Board of Directors as voting members. A major shift was also made in the TransPlan update, realizing that the Metro Plan and the TransPlan could be done together to make a difference in VMTs.

Ms. Loobey said that the Board had been dealing with these strategic issues for the past year and a half or so. If population and service continued to grow on an equal line, the District would not be a partner in achieving reduced VMTs. The District would have to determine whether or not it would step up to this new level of responsibility, and look at innovative ways of providing transit, such as van pools, car pools, group passes, etc.

Mr. Brandt said that the District didn't need to put out more service, it just needed more riders. Ms. Loobey, however, said the District would need more service, in a combination of greater frequency and different types of service. She said that only during the next year would LTD be bringing its service level back to the same level of annual hours as in 1979. She did not believe that the community could make the necessary strides at the same level of service growth as in the past. In November, the Board had discussed an 8 percent service increase for FY 92-93, but current funding would only support a 6.7 percent increase. The assessment for the area at large was that it was not in attainment for PMTs, or particulates, or for carbon monoxide (37 percent of carbon monoxide came from automobiles in this area).

Mr. Faulhaber asked who would be responsible for allowing development to build roads that buses could not travel on. He wondered if the MPC was responsible, or if LTD was responsible for hounding agencies so they would understand the needs of transit. Ms. Loobey said it was a function of the TransPlan and the Metro Plan, together under the auspices of the MPC. Federal highway and transit funds were affected by the Clean Air Act, so that would be driving this issue in the future.

The Budget Committee took a short break, from 8:20 to 8:30 p.m.

Fiscal Year 1992-93 Proposed Budget--Review and Analysis: Mr. Pangborn explained that there were three pieces to the budget presentation this year. First was the long-term perspective in an historical context, which had just been presented by Ms. Loobey. Second, the actual budget would be presented, so the Committee could see the full picture with enough detail to understand the prominent details of the budget. Third, Finance Administrator Tamara Weaver would analyze the proposed budget and project out five years in the context discussed by Ms. Loobey, including what changes the District would need to make in the budget in order to get where it needed to be.

Mr. Pangborn said he would briefly discuss the individual division budgets, and the division administrators were present to answer any specific questions about their budgets. He first discussed the Revenue and Expense Summary section of the budget document. In revenues, passenger fares were a little higher than anticipated for the current year, and next year would increase by an inflationary amount in tokens and passes, as well as an increase due to increased ridership. A large change was expected in payroll tax revenues. Mr. Pangborn said that last year staff and the Committee expected that the economy would be flat in 1991-92. The area did go through a recession, but the payroll tax base had increased about 4 percent over the prior year. Also, the Board had approved a higher payroll tax rate beginning in January 1992, and the second quarter collections, or the last quarter of the fiscal year, were at that higher rate. Mr. Pangborn explained that last spring the Budget Committee had approved an increase from .49 percent to .58 percent, but the Board had only had to increase the rate to .56 percent. Another increase in the base was expected in FY 92-93, as well as a full year of collections at the higher rate. It was anticipated that the State In-lieu-of Payroll Tax would decrease due to scheduled layoffs at the University of Oregon. The FTA operating grant for the current fiscal year was less than anticipated. Because of a new funding formula, the District lost approximately $147,000 in operating funds for FY 91-92. The decrease was expected to be permanent. Federal capital funding did increase, however.

Special Transportation Fund (STF) money was from a state tobacco tax which passed through the District to the Lane Council of Governments (L-COG) to provide curb-to-curb transportation services for people who could not ride the fixed route. Mr. Billings asked if the District charged any administrative fees for handling the STF money. Mr. Pangborn said that L-COG did receive administrative fees, but LTD did not. Transit Planner Micki Kaplan was the staff person in charge of overseeing the program at LTD, and did use her staff time, but otherwise there were no major costs to the District.

Mr. Smith asked why staff did not expect Special Services to be closer to the level attained in the current year. Mr. Pangborn explained that the District was caught in an interesting Catch-22 in working with the federal and state regulations for providing charters. The state's interpretation made it much more difficult for LTD to provide charters, and the only significant charter planned for FY 92-93 was the Oregon Country Fair. He said that LTD would be critical to the success of the Athletics Congress coming to the area in 1993, but the state Public Utility Commission said the District could not provide charter services in the way it had in the past. Staff were taking a conservative approach, and unless they were relatively sure that revenues would come in, they were not budgeted, so the District did not overestimate its revenues.

Mr. Pangborn then discussed anticipated expenses for FY 92-93. He explained that the difference between revenues and expenses for the STF was due to LTD's contribution of almost $300,000 because the state did not give the District enough money to meet the federal mandates of the Americans with Disabilities Act (ADA).

Mr. Brandt asked if staff started from scratch each year in preparing the budget, or from the prior year's actual amount. Mr. Pangborn replied that they used the prior year's actual, and Mr. Brandt wondered why the budget showed a percent comparison to the prior budget. Mr. Pangborn explained that the District's budget was prepared primarily from the expense side. He said that a real complaint about government agencies was "use it or lose it" budgeting. Within LTD, staff begin by budgeting what they think they will need, and then manage very conservatively and actually expect to come in under budget. He said the executive committee did not want to give the division administrators an incentive to spend that money, so they had to justify why they needed increases. The percentage increase (budget to budget) tended to be used as an important measurement for that reason.

Mr. Pangborn said that staff started with the base budget, which included a 4 percent wage increase and an inflationary increase for benefits under personnel costs, as well as a 4 percent inflationary increase in Materials and Services as a target. He said that some divisions would be above or below that target for specific reasons.

The primary focus of the FY 92-93 budget was the Comprehensive Service Redesign. Mr. Pangborn explained that last year there was a long list of service improvements which the District could not fund. For the past ten years, LTD had been adding a little service (2 percent) each year. In preparing the FY 91-92 budget, the District needed to look at all service in light of the new concept of linking land use and transportation, and to try to set a new base and deal with what the community needs in the next ten years. Staff had requested an 8 percent service increase, but with the loss of federal operating funds, the request was pared down to 6.7 percent. Of that increase, 3 percent was dedicated to correcting operational problems that had developed over the years, and 3.7 percent was used to address issues that couldn't be addressed in FY 91-92. The major request from riders and the public had been for extended evening service, so staff were proposing that the last buses on major routes would leave the mall at 11:30 p.m. instead of the current 10:20 p.m. on weekdays. This would allow people who worked the swing shift and got off work at 11:00 p.m. to get downtown in time to catch the last bus. Saturday and Sunday service would also be extended in the evening. The rest of this 3.7 percent would be used to provide a few additional buses or trippers throughout the system.

The last Comprehensive Service Redesign (CSR) had occurred in 1981. The redesigned service in 1992 would position the District for where it needed to go in the next ten years, and most of the division budgets focused on implementing the CSR.

Mr. Pangborn next discussed the <u>Division Budgets</u> section of the budget document. The section included two pages for each division. The first page was a narrative, including a description of the program, significant division accomplishments in FY 91-92, what the division hoped to accomplish in FY 92-93, and a brief explanation of changes in the division budget.

Ms. Calvert asked about the Professional Services category throughout the budget, and said that it seemed that there was a substantial increase for that category in almost every budget. Mr. Pangborn said that category included funding for contractual services for consultants, engineers, CPAs, attorneys, etc., and that he would discuss changes in that category as he went through the various division budgets.

<u>General Administration</u>: This budget included an increase of $15,000 for non-capital CSR expenses. Mr. Pangborn said that there was quite a bit of controversy about finding a permanent site for the Eugene Station, and staff were finding that they had to work with other governments or consultants to find answers to some of the questions being asked. For instance, he was working with L-COG to find out if there was actually more crime associated with the area around the Eugene Station. The temporary unclassified budget increased for FY 92-93 only, in order to handle the increased clerical workload associated with the CSR.

Mr. Luck asked how much medical fringe benefits had increased. Ms. Weaver said that medical costs were up 14 percent. Mr. Brandt said he would like to see more detail on the fringe benefits, because the increase varied for each division budget, and some appeared to be excessive increases. He noted that Marketing fringe benefits were up 27 percent, and CSC fringe benefits had increased 33 percent. Mr. Billings noted that fringe benefits in Safety and Risk had decreased 1 percent. Ms. Weaver said she would have that detail for the Committee at the April 15 meeting, but that some of those increases were due to part-time employees moving to full-time. Mr. Pangborn added that staff budgeted for the exact cost, and that the General Administration budget covered the costs of a medical benefits supplement for retirees, which would be increasing $3,000 the following year.

Finance: The Finance budget included a slight decrease in temporary unclassified, and additional costs to change from an external to an internal payroll system. Mr. Luck asked if this had also been in last year's budget. Ms. Weaver replied that Finance had installed seven of eight components of the complete accounting system she had described last year. As they looked at the payroll system, however, it became clear that more than a standard system was needed. The District would be preparing a Request For Proposals for a customized payroll system in July.

Management Information Systems (MIS): The MIS budget included a reduction in Materials and Services, due to a shift of some items from operating to capital, to take advantage of the shift in federal funding from operating to capital support. Software enhancements qualified as capital costs, so were moved to the capital budget.

Personnel: An increase in Materials and Services was due to a need for increased recruitment materials, increased arbitrations, employee training, and consulting services during labor negotiations next year, which would be the last year of a three-year labor contract. Mr. Pangborn explained that the District traditionally hired Cascade Employers of Salem to help with negotiations.

Ms. Pappas asked if the new recruiting tools were related to recruiting women and minorities. Mr. Pangborn explained that there were two reasons for the change. The District had experienced an increase in workers' compensation claims due to back injuries, etc. Some people in the area had done some work with the Springfield School District in using a pre-employment physical testing tool, which was more complex than the District's pre-employment measures to identify possible problems before someone was hired. Second, the District had been using an interactive video screening test for driver selection. The video was developed six to eight years ago, and staff would like to update it. Mr. Pangborn said that this updating would probably make the video more current in terms of hiring women and minorities.

Safety and Risk: There were two significant changes in this budget. First, in Professional Services, legal fees had previously been budgeted in the Risk Fund, but the Risk Fund was being eliminated in FY 92-93, so the legal fees were included in the Safety and Risk budget for the first time. Also, although the District performs routine physicals on all employees, staff found that the physicals were not being done at the recommended frequency for certain ages, so more physicals would be done in FY 92-93.

Planning: Materials and Services in Planning were down primarily because they had been increased in the FY 91-92 budget to manage the CSR, and could be reduced in 92-93.

Mr. Brandt commented that the proposed budget was greater than the costs associated with actual expenses this year. Mr. Pangborn explained that staff anticipated spending less than budgeted this year, and budgeted less for next year. He said that staff would expect some unanticipated expenses, and added that it was not an exact science, but staff tried to plan what would be done 14 months in the future. Often there were unexpected costs, such as the planned reconstruction of the intersection at Beltline and River Road by the Oregon Department of Transportation. That reconstruction would make the north side of the River Road Transit Station inoperable, so staff had to hire a local engineer to review the situation and talk to ODOT about the plan.

Ms. Pappas asked about costs for ADA planning. Mr. Pangborn replied that most of the ADA costs were in the Special Transportation budget, and were mostly for the cost of putting the service on the road.

Marketing: The Marketing budget included a change in personnel, with a reduction in hours for one Marketing Representative and an increase in hours for the Graphic Artist from three-fourths time to full time, with no net difference in cost. Ms. Fitch wondered if the increase in printed materials was due to printing more bilingual materials. Marketing Administrator Ed Bergeron replied that bilingual materials were not much of a factor in next year's budget; rather, the increase was due to providing informational materials for the CSR, University Station expansion, the Eugene Station, etc. Because of the CSR, every route and time point in the system would be changing, so the District had a lot of information to change and print.

Mr. Pangborn said that Marketing was in an interesting budget position because that division was required to market everything that came out of the CSR. This budget focused on the CSR. With essentially an inflationary increase in Materials and Services, this marketing of the changed system would be a challenge for the division. In FY 92-93, Marketing would focus mainly on getting the information to current riders. The following year, it might be necessary to spend some money focusing on the rest of the community, to encourage them to ride and let them know that LTD is ready to serve them.

Mr. Luck asked about Marketing's FTE and wage differences from FY 91-92. Ms. Weaver explained that last year one Marketing Representative took maternity leave, but the FTE was left the same because it was anticipated that it would remain a full-time position. She said that having several months with no pay but the same FTE somewhat distorted the line item.

Mr. Brandt asked about Project and Event Support. Mr. Bergeron said that much of that line item would be for the CSR. He said he hoped to introduce the new service to the community by using the Lane County Fair as a "grand opening" for the new service. There was also some contingency money in case the District had to change any service in mid-stream or during the winter bid, after it is better known how the new service is working.

Customer Service Center: Mr. Pangborn said that the CSC's budget showed a strong impact of the CSR. A full-time CSC Representative would be added, in order to keep the CSC open longer hours, to accommodate riders during service hours, but also to provide a safe place to wait for the bus after other businesses closed on the mall. The CSC currently closed to the public at 7:20 p.m. but hoped to be able to stay open until 11:20 p.m. A decrease in Professional Services was due to moving the Mall Guides program from the CSC budget to the Transportation budget.

Transportation: Mr. Pangborn explained that the Transportation budget included wages and benefits for all bus operators, and bore the brunt of the cost of the CSR. Eight full-time and two part-time bus operators would be added to accommodate the 6.7 percent increase in service. Also recommended was the addition of a System Supervisor, to staff the later hours of service and to free some Field Supervisor time to be on the road dealing with customer and service problems in the system. Funding for service audits was included in the budget for the first time. Service audits would allow the District to hire people to ride anonymously to monitor the performance of the system.

Mr. Crinklaw asked for an explanation of shoe allowance and incentive pay. Mr. Pangborn replied that the bus operator uniform required that they wear black shoes, and it was a contractual agreement that the District would contribute toward that cost, a fairly common agreement among transit districts. He explained also that a number of years ago LTD experienced very high absenteeism, and became more aggressive in monitoring and managing absenteeism. The District was able to reduce absenteeism to a certain level, and then found that other transit districts were using a bonus or incentive pay system.

Bob Hunt, Transportation Administrator, explained that the current incentive pay program in Transportation paid bus operators a $100 bonus for working four months without any unscheduled absenteeism; $50 for one day; and $25 for two days. An employee with no unscheduled for a one-year period was also eligible for an additional $100 bonus. The District at one time had an absenteeism rate of 7.6 percent two years in a row. After incentive pay was introduced, the absenteeism rate dropped over two percentage points and saved about $60,000 in overtime and other costs, paying for the cost of the program. Mr. Crinklaw asked if this was also a contractual issue. Mr. Pangborn replied that it was not; it was managed on a year-to-year basis.

Mr. Luck asked about driver wages. Bill Nevell, Personnel Administrator, stated that the current operator wage was $12.17 per hour, with 2 percent increases scheduled for July and January.

Ms. Calvert asked if employees came to work when they shouldn't, so that they wouldn't lose their incentive pay. Mr. Hunt replied that this does happen on occasion. Mr. Pangborn mentioned that the Union contract specified no pay on the first day sick, so bus operators had a double incentive to come to work when they might be sick. Mr. Hunt said that after the first day no pay clause, absenteeism, which had been around 13 percent, dropped to 9 percent, and then dropped to 5.2 percent after incentive pay was implemented.

Special Transportation: The Special Transportation budget included $899,000 in pass-through funds, which were actually not enough to fund the requirements of the Americans with

Disabilities Act, so LTD would also be contributing $294,100. It was anticipated that the District's contribution would increase each year, and that it would take five years to meet the requirements of the ADA. The STF Direct Purchase was a new category resulting from the ADA.

Maintenance: The impact of the CSR on the Maintenance budget was seen in the addition of a journeyman mechanic and a part-time cleaner. In Materials and Services, money was removed from the parts budget and moved to the capital budget. Mr. Pangborn said that the most interesting line-item in the Maintenance budget was the Fuel and Lubrication item, budgeted at $753,000 for 92-93, $545,00 in 89-90, and $633,000 in 90-91, which included the fuel price increase during the war in the Middle East. In FY 91-92, the actual Fuel and Lubrication costs were estimated to be $582,000 due to a reduction in the cost of fuel. For FY 92-93, this line-item was increased to $754,000 because of the volatility of fuel costs. Mr. Pangborn stated that a 10 to 15 percent increase in costs could have a significant impact on the budget, so those costs were budgeted at what the District hoped was the higher end of the cost. If the price remained low, the District would have some money left over. In 1991-92, the entire line-item was used, so staff felt the need to try to budget high each year.

Facilities Maintenance: A change in Professional Services was due to the continued attempt to clean up the old property at 8th and Garfield before it could be sold to School District 4J. Mr. Pangborn explained that LTD had to do quite a bit of excavation because of the prior owners' underground spills. Staff anticipated that the Department of Environmental Quality (DEQ) would require groundwater testing on a quarterly basis, and hoped to be done in a year or two.

Ms. Pappas asked about last year's anticipated cost of $250,000 for environmental clean-up. Mr. Pangborn said the District had spent about $125,000 to date, for removing underground tanks and beginning testing. These expenses were in the capital budget. Ms. Pappas asked if the DEQ would require continued monitoring after the tanks were removed. Mr. Pangborn said they would; if the readings went down over time, the District might be able to quit testing and be done with the process. Ms. Pappas also asked about the previous owner's liability. Mr. Pangborn explained that those companies were no longer in existence. When the District purchased the property years ago, no testing was done because it was not a requirement or a perceived problem at that time. He said the indications were that the District had cleaned up the problem.

Mr. Faulhaber wondered what the chances were that the school district would not buy the property after all. Mr. Brandt explained that the school district would have to pay only about 20 percent of the value of the property, or about $250,000, and the federal government would transfer the federal share from the FTA to the Department of Education. Ms. Loobey added that if LTD sold the property to a private buyer, LTD would still only receive the local share, and the federal government would receive the rest.

Risk Fund: Mr. Pangborn stated that in the past the risk funds had been budgeted in a separate Risk Fund. Years ago, when insurance rates were skyrocketing, the District considered moving toward 100 percent self insurance. However, insurance rates dropped, and 100 percent self insurance did not make financial sense. There was no longer any reason for the risk funds to be in a separate budget, and would be transferred to the General Fund.

Kim Kaiser, Safety and Risk Administrator, said staff were anticipating a fairly high increase in workers' compensation, due to increased activity, and greater than anticipated reserving costs in FY 91-92. There had been two large claims in FY 91-92, and the District's liability could go to the allowable limit. Under tort law, the District was liable for $100,000 per occurrence, with a $300,000 aggregate limit. After that point, the District's insurance would absorb claims costs. For FY 92-93, staff budgeted about $31,000 in legal, adjusting, and consultant fees, and the rest as a buffer to handle the normal claims during the year.

An increase in workers' compensation costs was due to the fact that the District was still paying on the 1990-91 retro plan year. LTD had paid $151,000 in the actual year, $60,000 in the current year, and would pay $20,000 next year and possibly another $20,000 the year after that, before all those cases were closed. LTD only had a retro plan in the 1990-91 year. In response to a question from Mr. Luck about the retro plan, Ms. Kaiser said the plan was a good decision at the time, but unfortunately the District had a couple of very large claims, so that took away the benefit the District could have realized if it had been a typical claims year.

Non-Departmental: Mr. Pangborn explained that there would no longer be a transfer to the Risk Fund. The District had three operating reserves: (1) contingency, for unexpected catastrophes or emergencies; (2) the payroll tax fluctuation reserve, because payroll tax collections were so difficult to anticipate, and the reserve would help soften the impact of low collections; and (3) a $250,000 reserve for self insurance, for total reserves of $850,000.

General Questions: Ms. Pappas asked if the District had a lobbying budget. Mr. Pangborn explained that the actual cost for lobbying in Washington, D.C., was in General Administration Professional Services. These funds were used to contract with a lobbying firm in Washington, D.C., for assistance in obtaining federal funding, at a cost of $6,000 per year, or $500 per month. Mr. Pangborn said that the firm's help with obtaining capital funding had been considerable. Any local intergovernmental lobbying was performed by Ms. Loobey or Mr. Pangborn, and was not included in any expense category.

Mr. Luck asked Ms. Kaiser about $136,000 for auto liability next year, and why an extra $250,000 was needed for reserves if the maximum liability was $300,000 per year. Ms. Kaiser said there were other reasons for the reserves, including workers' compensation, unemployment, etc. The actual reserve amount in the General Fund was $250,000. The line-item in the Risk budget paid for actual accidents during the year. Mr. Dallas added that $300,000 would be the tort liability limit for one year, but claims were still open from prior years, so the reserve covered the District's exposure. Ms. Weaver said that staff budgeted estimated actual costs for every known accident, but it was possible that those costs would come in higher or lower than anticipated. She said the District needed more experience with these reserves, and would have a better idea of what was needed next year.

ADJOURNMENT: Ms. Fitch moved that the meeting be adjourned to 7:30 p.m. on Wednesday, April 15, 1992, in the LTD Board Room in Glenwood. The motion was seconded, and the meeting was unanimously adjourned at 9:50 p.m.

Roger R Smith
Board Secretary