

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL MEETING/WORK SESSION ON
LONG-RANGE FINANCIAL PLAN

Wednesday, February 23, 1994

Pursuant to notice given to The Register-Guard for publication on February 22, 1994, and distributed to persons on the mailing list of the District, a special meeting of the Board of Directors of the Lane Transit District (LTD) was held on Wednesday, February 23, 1994, at 7:30 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Kirk Bailey
Rob Bennett
Steve Engel
Tammy Fitch, Vice President
Pat Hocken, President
Dave Kleger, Treasurer
Thomas Montgomery, Secretary
Phyllis Loobey, General Manager
Erdag Goknar, Minutes Recorder

CALL TO ORDER: Ms. Hocken called the meeting to order.

LTD CONTRACT REVIEW BOARD--AMENDMENT OF RULES:

MOTION Mr. Kleger moved, seconded by Mr. Bailey, to call a session of the
VOTE LTD Contract Review Board. The motion passed unanimously, 7:0.

Purchasing Agent Jeanette Bailor explained that the LTD Board of Directors had adopted the "Rules of the Contract Review Board" and Ordinance No. 30 on June 30, 1985, making the Board of Directors the local Contract Review Board for LTD. The Contract Review Board had amended policies in response to changes in Federal regulation. Ms. Bailor stated that purchases were made only after competitive bids had been received. However, small purchases under \$500 could be made without securing competitive quotations if the Contracting Officer considered the prices to be reasonable, based on precedent. The \$500 limit had been in effect since 1989.

Ms. Bailor explained that the Federal Acquisition Regulation currently had the same rule in effect, with a dollar limit of \$2,500. She said staff was recommending that the current limit be raised from \$500 to \$1,500. She commented that the administrative cost of verifying the reasonableness of the price of purchases not exceeding \$1,500 should more than offset potential savings realized from detecting instances of overpricing.

MOTION Ms. Fitch moved, seconded by Mr. Kleger, that the Board approve an
VOTE amendment to Section 4 of the Rules of the Contract Review Board, and increase the dollar limit of contracts exempt from bidding requirements to \$1,500. The motion passed unanimously, 7:0.

MOTION RETURN TO REGULAR SESSION: Mr. Montgomery moved, seconded by Mr. Bailey, to return the Board to regular session to complete the Board of Directors special meeting. The motion passed unanimously, 7:0.

VOTE

ITEMS FOR INFORMATION (FROM THE FEBRUARY 16, 1994, AGENDA): Ms. Hocken reviewed the held-over Items for Information from the previous meeting. She referred the Board to the February 16, 1994, LTD special meeting packet. Members briefly reviewed and/or discussed information relating to Board appointments to the Metropolitan Policy Committee, the Willamette Valley Policy Advisory Committee on Transportation, and the TransPlan Update Symposia Process; the review of annual salary and wage adjustments; special service to the Lane County Fair; Budget Committee nominations; the FY94-95 Budget Time Line; a report on pension trusts; the 1994 intergovernmental lobbying trip to Washington, DC; Board correspondence; the Special Services Report; the Operations Summary Report; and the January 1994 Financial Statements.

WORK SESSION ON LONG-RANGE FINANCIAL PLAN: Finance Administrator Tamara Weaver lead a discussion on LTD's Long-Range Financial Plan. She referred the Board to materials in the meeting packet. She explained--and members discussed--the concept of a balanced budget; the need for fund balance to balance the budget; the Board Reserve/Fund Balance Policy; the effects of budget changes (budget-to-budget and budget-to-estimated actual); how budget changes are "funded" (including capital transfer); payroll tax growth history and projections; the payroll tax rate history; a more extended history of revenues and expenses; a history of transfers to capital; and an analysis of the largest budget category, operator personnel costs.

Ms. Weaver explained that the financial plan had been used for the last three years and had demonstrated aggressive growth due to a tax rate increase from .49 percent to .56 percent to fund a comprehensive service redesign. Regarding service increases, Ms. Loobey said that a 1.5 percent to 2 percent service adjustment was needed per year to accommodate "running time" problems. Ms. Weaver stated that general fund reserves had increased over the last few years to eliminate some of the risk from the aggressive growth. Members discussed issues surrounding revenue bonds. Ms. Weaver referred the Board to Scenario A in the meeting packet. The Board discussed the payroll tax history and projections.

In terms of budgeting, Ms. Loobey stated that a number of--at times contradictory--courses of action were open to LTD: (1) providing alternative transportation or (2) maximizing or minimizing subsidies. Mr. Bennett said he hoped the trend was toward minimizing subsidies. Ms. Fitch stated that the Group Pass Program was another consideration which fit into the discussion.

Ms. Weaver discussed Oregon budget law, fund balances, and reserves. She said the LTD budget process was currently underway. She noted that the 1994-95 budget year would include a service increase of 2.5 percent to 3.5 percent.

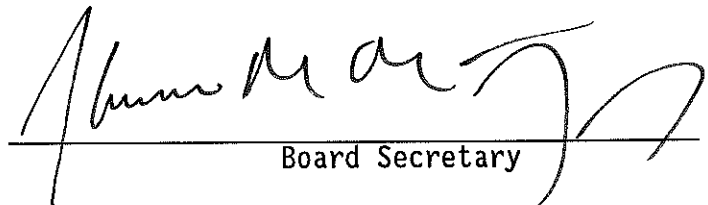
Responding to a question from Mr. Bennett, Ms. Weaver said the year-to-year "turn-over" margin was being tightened from about 7 percent to 4 percent. Ms. Hocken explained that the "contingency" was distributed throughout the budget. Mr. Bennett said he would rather see a contingency line item in the

budget than have margins in expense lines. Ms. Weaver explained that staff was preparing a much tighter budget, but that in the past this policy has worked very well for LTD management. The end result of this practice was a reasonable capital fund, an increase in operating reserves, and a budget that was still balanced with operating revenues rather than using the fund balance to pay for a portion of operations.

Ms. Weaver said the actual administrative staff package of all personnel costs for this year would increase only between 2 percent and 2.5 percent because of the elimination of an already budgeted administrative wage benefit. Ms. Weaver pointed out that this was the year the Board intended to make a decision about the self-employment tax.

Members agreed to have the Board Finance Committee review the budget, explore issues about the self-employment tax and report back to the board.

ADJOURNMENT: The meeting was adjourned at 9:30 p.m.


Board Secretary