MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, April 27, 1994

Pursuant to notice given to *The Register-Guard* for publication on April 14, 1994, and at the April 20, 1994 budget meeting, and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of the Lane Transit District (LTD) was held on Wednesday, April 27, 1994, at 7:30 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board Members	Appointed Members
Kirk Bailey	Russ Brink
Rob Bennett	Rick Crinklaw, Committee Secretary
Steve Engel	Gerry Gaydos, Committee Chair
Tammy Fitch, Vice President	Mary Gilland
Pat Hocken, President	Chris Larson
Dave Kleger, Treasurer	Tim Luck
Thomas Montgomery, Secretary	Cynthia Pappas

Phyllis Loobey, General Manager
Mark Pangborn, Budget Officer
Jennifer Self, Minutes Recorder

CALL TO ORDER: Mr. Gaydos called the meeting to order.

COMMITTEE AND STAFF INTRODUCTIONS: Those present introduced themselves.

PUBLIC COMMENT: There was no public comment.

MOTION **APPROVAL OF MINUTES (APRIL 20, 1994)**: Mr. Kleger moved, seconded by Ms. Pappas, to approve the minutes of April 20, 1994, as submitted. Ms. Hocken suggested that the minutes be changed to reflect that the only vote taken at the previous meeting passed by a VOTE vote of 6:0, with 5 abstentions, rather than 6:5. The amended minutes were approved by a vote of 13:0, with Ms. Larson abstaining.

CONTINUE BUDGET PRESENTATIONS:

Maintenance/Facilities Maintenance: Mr. Pangborn introduced Maintenance Administrator Ron Berkshire and Facilities Maintenance Coordinator Charlie Simmons. Mr. Berkshire reported that the main purpose of the Maintenance Division was to provide safe, clean, and reliable buses to customers and to maximize the capital investment of the buses by maintaining them. He said that for FY 94-95, the division would be focusing upon implementation of the 28 new 100-series buses. He said that the warranty would be administered in FY 94-95, and technical training to maintain the buses would be offered in the current year. He added that the division would ensure that it had adequate staffing and resources to maintain the new buses and the increased fleet.

Mr. Berkshire reported that it would be necessary for Maintenance to add at least two Mechanic positions in FY 94-95, due to the increase in service over the past year. He commented that, assuming the buses would demand the same number of labor hours as they had for the last 12 months, the division would have a demand of .6 full time employee (FTE) labor hours more than were available in the current mechanic positions. The shortage of hours was manageable by using limited overtime and concentrating on the prioritization of tasks. Additionally, the division was proposing to increase the Inside Cleaner FTE from two part-time positions to two full-time positions. He added that General Service Worker and Parts Clerk were two different positions.

Mr. Berkshire commented that the proposed utilities budget showed a substantial increase due to an increase in electric and natural gas rates. Electric and water rates increased 10.2 percent in FY 93-94, and an increase of 6 percent for FY 94-95 was expected. Natural gas increased 12 percent in FY 93-94 and was expected to increase by 5 percent for FY 94-95. He reported that storm water fees were included in the line item. In FY 93-94, the fee was $1,000, and that the fee was set at $8,000 for FY 94-95. He said that 80 percent of that fee was included in the Maintenance Division's line item budget, and the Facilities Maintenance budget carried the remaining 20 percent.

Mr. Berkshire stated that when the division proposed the diesel fuel and lubricants budget for FY 93-94, staff had expected a substantial increase in diesel fuel prices, due to a federal mandate to use low-sulphur fuels. Consequently, staff budgeted for a cost of $.92 a gallon, but, in reality, the expense would be around $.75 per gallon. He said the consumption rate would increase slightly.

Mr. Berkshire explained the different categories of the parts and tires line-item. He stated that new tires were purchased through the capital budget. In addition to the parts category, there would be a $15,000 allocation for the initial stocking inventory for the new 100-series buses. He commented that staff had decided to participate in a rebuild program with the manufacturers of the original electric parts, which would increase the reliability of the parts, as well as save money. He mentioned that "Grant Fund Parts" was a new line-item; it was the capital fund money that was spent for parts.

In response to questions, Mr. Berkshire answered that "Grant Funds Parts" meant that grant money paid for 80 percent of the expenses. He also said that he thought that $10,000 more would be expended for parts in FY 94-95, as a result of a delay during the bidding process for engine and transmission rebuild kits. During this delay, the District spent $9,000 from the operating parts line-item for rebuilding engines. He said that Maintenance projected about the same amount of parts consumption in FY 94-95 as in the current year.

Mr. Berkshire responded to Mr. Engel's questions about fuel prices by saying that the division chose to estimate fuel prices at $.75 per gallon because that was the high end of the estimated range for fuel costs. Every penny increase in fuel price cost the District $7,300. He said that given the opportunity to contract forward for fuel for the entire year, he would not do so, because fuel prices had been so low.

Responding to Mr. Brink, Mr. Berkshire answered that there were 84 buses in the fleet and there were approximately 74 buses in service during peak hours. With the addition of the 28 new 100-series buses, there would be 102 buses in the fleet. Of those 102 buses, 10 buses would be in the contingency fleet, leaving 92 buses available for revenue service.

Mr. Simmons discussed the proposed Facilities Maintenance budget. He said that the budget paid for maintenance of all of the District's facilities, which included the transit stations, 170 shelters, 1,500 bus stops, and the Glenwood facility. He commented that the major change in the FY 94-95 budget was in "Personal Services." The division had added a Facilities Maintenance Worker, who would perform the daily repair of the District's facilities. Mr. Simmons explained that in past years, this maintenance had been performed by an independent contractor at a reasonable rate. To replace that contractor, the District considered two options: (1) hiring an independent maintenance contractor; and (2) hiring a maintenance employee. Staff found that they could achieve better service for less money with an in-house employee.

Mr. Simmons stated that $12,000 had ben added for the daily removal of graffiti. In response to questions, he stated that the maintenance line-item did not include the dumping of trash, which was found under cleaning contracts, but did include putting in new glass panels at the shelters and preventive maintenance.

Mr. Simmons commented that staff had sent requests for information on property maintenance services to 60 vendors in the area, and received responses from only four. Division staff had not looked at providing its own maintenance crew because it was difficult to provide all the skills necessary for the amount of work that needed to be done in each area. He said that hiring the maintenance employee was the first step toward providing a full crew.

Marketing: Customer Service Administrator Andy Vobora gave an overview of the Customer Service Center (CSC). He said that Customer Service provided transit information, car pool matching, and special event information. He stated that there were not many changes in the CSC budget. The major changes were moving one of the part-time Customer Service Representatives to a full-time position and finishing the development and implementation of a school program for middle school students, who were older and more independent than the elementary school students with whom the program previously had been used. The school program would be expanded to include older children, but not at the exclusion of the younger children.

In response to questions, Mr. Vobora stated that the "Professional Services" line-item included the advertising agency expenses.

Mr. Vobora mentioned the division's movement toward creating a credit card program, in which customers could buy passes or other purchases with credit cards.

Mr. Vobora also gave an overview of Transportation Demand Management (TDM), saying that TDM strategies encouraged people to use LTD and other alternate modes in an efficient way and eased demand on the highway system. He said that staff tried to put together a package of strategies that would effect change.

Mr. Vobora said that the FY 94-95 proposed budget added a staff position to coordinate TDM strategies. The costs for the position were 80 percent covered by a State of Oregon transportation improvement program grant. The TDM coordinator would be responsible for employer outreach to help businesses offer programs to their employees, and would set up and train employee transportation coordinators within businesses, so that the businesses could monitor their employees' use of alternate modes of transportation. The TDM staff person also could coordinate the car pooling program and the establishment of new signage for the Park and Ride program.

In response to questions, Mr. Vobora said that staff created a work plan in order to secure grant funding. He added that the money from the Oregon Department of Transportation (ODOT) was provided through the Lane Council of Governments (LCOG), as the area's metropolitan planning organization (MPO). The TDM program requests were approved by the Metropolitan Policy Committee (MPC) and presented as a united front to ODOT. Mr. Pangborn added that there was a TDM grant for each region in the State and that the intent of the program was not to create revenue but to decrease the amount of single-occupant vehicle use.

Marketing Administrator Ed Bergeron gave an overview of the Marketing Division, saying that one reason marketing was important was that LTD lost 30 percent of its ridership each year and needed to replace those riders, as well as increase ridership. Additionally, if LTD did not market, then people would continue to believe their biases about bus service. He listed the eight key responsibilities of LTD marketing: (1) advertising; (2) printed materials; (3) news media; (4) public relations; (5) sales outlets; (6) ridership promotions; (7) market research; and (8) charter services.

Referring to the proposed Marketing budget, Mr. Bergeron gave a summary of accomplishments that helped LTD save money. Further, he informed the members of the changes that would be occurring in FY 94-95. He stated that the three significant areas of change were advertising agency fees, advertising media, and market research. These three areas would focus upon increasing LTD ridership by studying the attitudes and awareness of the general public and marketing in the areas that would best reach specific target groups. He said that it was important to increase the number of people who have tried LTD service, because the research showed that if people tried riding the bus, it reduced their biases about transit.

In response to questions, Mr. Bergeron said that the division had set these themes of focus because staff were satisfied with the substantial improvements in service in the past four years, but knew that they had not communicated those improvements to the general public. Further, he said, it was important to provide positive images to the public.

In answering Mr. Engel's statement that "even if the public was aware of the improvements in service, they may not ride the bus," Mr. Bergeron commented that there was a perception gap between what people thought of transit before using it and what people found out after using it. He said that marketing would help bridge that gap. Mr. Engel commented that he was uncomfortable spending a lot of money in standard media when there were other tools of marketing that might be more effective in getting non-users to use LTD. Mr. Bergeron asserted that staff believed the other areas were already strong, that advertising in the standard media had been a weak point, and that the strongest area in which to change attitudes was through the standard media.

Responding to Ms. Hocken's question about how much money would be spent before staff received the marketing research information, Mr. Bergeron said that 20 percent of the promotional budget would be spent through the fall of 1994. He commented that there would be some flexibility in changing the budget if the market research did not support staff's plan. He stated that he would want to make those changes in conjunction with the LTD Board.

Mr. Bergeron responded to a question by stating that staff had considered creating an in-house advertising agency, but that in the last four years LTD had not done enough standard media marketing to justify bringing agency functions in-house. He added that there were other transit districts for which standard media advertising had significantly paid off in increased ridership.

A question was asked about the average annual ridership increase. Planning Administrator Stefano Viggiano stated that before FY 91-92, the average increase in ridership over the previous 10 years had been 5 to 6 percent annually. In FY 91-92, ridership decreased slightly. In FY 92-93, there was a 3 percent increase, and in the current year, there was a 1 percent decrease.

In response to a question about how riders were responding to the elimination of timetables, Mr. Bergeron said that the Rider's Digest was working well, and that customers and the bus operators liked having all of the pertinent information in one place.

Support Services: Mr. Pangborn referred members to the Proposed General Administration budget in the agenda packet. He stated that a significant aspect of the FY 93-94 budget was that staff did not finish three studies, because the Eugene Station project utilized the majority of the budget and staff time. He said there were no other significant changes in the General Administration budget for FY 94-95. He noted that some additional money was proposed for graffiti prosecution, and there also was additional money for strategic planning.

MIS Administrator Joe Janda then spoke about Management Information Services (MIS). He referred members to the proposed MIS budget in their agenda packets. He stated that the function of MIS was to provide the information infrastructure for the organization, so the division provided support for all the computer systems and assisted in software development, as well as management of the telephone system. He commented that the budget covered computer supplies, telephone costs, computer training for all staff, hardware and software support, and technical consulting services. He said that the proposed budget would maintain the same level of service with little change, although there was a 200 percent increase in professional services and training because MIS would be moving staff to a new operating environment. The additional costs would be for training the staff on Microsoft Windows. He added that in FY 94-95, MIS staff would be responsible for implementing and managing the new radio system that would be in the buses. In order to manage that project, staff had to restructure the way in which they provided hardware support, and would be sending diagnostic work to a local vendor rather than working on hardware problems in-house.

Finance Administrator Tamara Weaver directed the members to the proposed Finance Division budget in the agenda packet. She commented that over the past few years, Finance had been involved in intensive computerization projects, and in the last year, comprehensive operator data software had been created. She stated that the plan had been to create more time for the payroll employee to install the payroll into the computer, but that had not worked, so payroll would not be completely installed until June. Finance staff also were working with the Marketing and Planning divisions on administering the Group Pass Program.

Ms. Weaver reported that the Finance Division goals for FY 94-95 were to take data management to another level, improve the financial reporting, and work with the Transportation division to streamline reporting needs. She stated that the total Finance budget increased by only 1 percent, with a slight increase in FTE.

In response to questions, Ms. Weaver stated that funding questions would be addressed at the next meeting. At that time, staff would summarize the history of funding, current funding, projected funding, and tax-rate implications.

Risk and Safety Administrator Kim Kaiser referred members to the proposed Risk and Safety budget in the agenda packet. She explained that the Risk and Safety Division was responsible for administering the District's risk management programs, which included identifying, analyzing, and evaluating all of the District's risk and liabilities and making sure that insurance or adequate self-funding was available. She said that she was the overseer for vehicle accidents/liability claims management, ensured that LTD complied with Occupational Health and Safety Administration (OSHA) regulations, and managed the injury prevention program. She reported that the major changes in the budget were in Worker's Compensation, because there had been a tremendous increase in the premiums in the last year. She added that there had been a $1 increase per $100 of payroll per bus operator. Ms. Kaiser mentioned that she had moved $145,000 from the "Vehicle Liability Deductible" category to "Risk Reserves."

In response to questions, Ms. Kaiser said that the amount of Worker's Compensation deductible paid in a typical year was $70,000, and she had budgeted for $100,000. She noted that there had been three OSHA visits within the last year. She mentioned, in response to a question about the prevalence of back injuries, that she focused upon prevention and encouraged workers to see her as soon as they suspected a back problem. She added that there had been substantial changes in the ergonomics of the bus operators' seats and the panels on the new buses.

Human Resources Administrator Bill Nevell referred members to the proposed Human Resources budget in the agenda packet. He commented that under the "Employee Incentive Pay" line item, there had been a transfer of funds from "Materials and Services." These funds were for the employee wellness program and the "Employee of the Month/Year" program. He noted that all of the line items under "Materials and Services" had decreased, except for "Training and Travel," wherein $750 had been added for training for the Operations Secretary.

Mr. Nevell updated the members about the Compensation Survey, saying that a consultant had been hired in September 1993, and preliminary results of a compensation study had been discussed with the Board Compensation Committee in February 1994. After reviewing the data, the committee had asked that more private-sector information be gathered, and staff were in the process of gathering that data.

In response to Mr. Luck's question about professional services for labor negotiation, Mr. Nevell said that under the "Employee Relations" line-item, $28,500 had been budgeted for professional services.

Mr. Nevell gave an overview of wages and fringes for administrative employees. He pointed out that the pay package for administrative personnel at the top of scale had increased less than 2 percent during the current fiscal year, and they were expected to receive an increase of 2.9 percent next fiscal year. He commented that there likely would be no increase in medical insurance costs for FY 94-95, and that there may be an increase in life insurance premiums.

Capital Improvements Program: This item was postponed until the next meeting.

Proposed Budget Financial Analysis: This item was postponed until the next meeting.

Summary: This item was postponed until the next meeting.

BUDGET COMMITTEE DISCUSSION AND ACTION: This item was postponed to the next meeting.

ADJOURNMENT: The meeting was adjourned to May 4, 1994, at 7:30 p.m. at the same location.

Tim Luck

Budget Committee Secretary