

MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Thursday, April 29, 1999

Pursuant to notice given to *The Register-Guard* for publication on April 4, 1999, and April 22, 1999, 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 Thursday, April 29, 1999, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board Members

Pat Hocken
Dave Kieger
Dean Kortge
Virginia Lauritsen
Hillary Wylie

Appointed Members

Michael Bean
Russ Brink
Gino Grimaldi, Secretary, presiding
Pamela Papp
George Rode

Staff

Phyllis Loobey, General Manager
Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Susan Hekimoglu, Recording Secretary

Absent: Kirk Bailey, LTD Board President
Rob Bennett, LTD Board member
Gerry Gaydos, Appointed Committee Chair
Elaine Guard, Appointed Committee member

CALL TO ORDER: Committee Secretary Gino Grimaldi called the meeting to order at 6:38 p.m.

PUBLIC COMMENT: No one in the audience wished to address the Committee.

CONTINUE BUDGET PRESENTATIONS: Ms. Hellekson reviewed the previous evening's meeting and the agenda for this meeting. She asked Service Planning and Marketing (SP&M) Manager Andy Vobora to respond to a question that had been asked at the previous evening's meeting.

Mr. Vobora said that Mr. Grimaldi had asked about the relatively modest increase requested in FTE and yet the total amount requested for personnel services reflected a more noticeable increase. Mr. Vobora said that the SP&M department was large and made up of both administrative and contract employees. There were a number of people who would be moved up on the salary scale, and wages in the contract package

also would increase. In addition, the fringe benefits for both groups were expected to increase in cost.

Mr. Vobora also responded to a question Ms. Wylie had asked about ridership statistics. He said that according to the last research study, 14 percent of the population had ridden the bus during the last month, 73 percent had ridden the bus at least one time, and 33 percent had ridden a special event shuttle during the last year.

Ms. Hellekson then reminded the Committee that LTD was requesting a 6.6 percent increase in both General Fund resources and in General Fund expenditures.

Transit Operations: Transit Operations Manager Mark Johnson said that the purpose of Transit Operations was to implement planned transportation services in a safe, dependable, and courteous manner.

The goals and objectives for the next fiscal year included improving employee development programs, developing and implementing a comprehensive technology plan, reducing accidents, improving customer service, and improving system security.

Mr. Kleger asked if LTD was reaching a point of diminishing returns as new technologies were added on the bus. Mr. Johnson said that he did not think so. As systems became more complex, technology would be more important. He did not think LTD would reach a point of diminishing returns.

Mr. Kortge asked if the accidents referred only to vehicular accidents. Mr. Johnson said that accidents included all accidents and incidents within the system, such as someone tripping while boarding the bus.

Ms. Papp asked how complaints were filed. Mr. Johnson said that there was a process in place for processing complaints received by the public. Complaints most commonly were received by telephone. All complaints received were forwarded to the appropriate supervisor. The bus operator was identified using information provided by the caller. The supervisor then followed up with the operator and discussed the incident. If a response was requested by the customer, the supervisor then would call the customer. Transit Operations staff kept data on all complaints received, such as the nature of the complaint (so that further training could be provided) and the number of complaints received by a single operator.

Mr. Rode asked about the video cameras on the buses and if they were provided only for certain routes. Mr. Johnson said that cameras were being used on the buses that were used with the automated passenger counting (APC) system buses, which moved around the system on a regular basis. Currently, there were only three video cameras.

Mr. Johnson said that Transit Operations was requesting two additional bus operator positions. The union contract called for a 3 percent increase in contract wages. He said that there would be an increased emphasis on training and staff development, and staff also were requesting funding to hold a bus rodeo, which was a skills competition for bus operators. The winner would be sent to the national competition.

Mr. Bean asked if the increased funding for training and staff development would be enough to obtain the goals in training. Mr. Johnson said that staff were comfortable with the request and much of the training would be provided in-house.

Mr. Rode asked how the bus roadeo winner did at last year's national competition. Mr. Johnson said that the roadeo had not been budgeted last year.

Overall, Mr. Johnson said that the Transit Operations budget request was an 8.7 percent increase over the previous year's budget.

Mr. Kortge asked what vehicles the Transit Operations fuel and lubricant budget covered. Mr. Johnson said that it covered the cars that were used to shuttle bus operators to the Eugene Station and the field supervisor vehicles.

Ms. Wylie asked about vehicle liability insurance. Mr. Johnson said that those costs were included in the Risk and Safety budget.

Fleet Services: Fleet Services Manager Ron Berkshire discussed the cleaning crew functions in Fleet Services. In addition to the minor cleaning of each bus, two or three buses received a detailed cleaning each night. Fleet Services also was responsible for the strategic planning, management, and administration of the fleet procurement and maintenance policy to help the District meet its long-term objectives.

Mr. Berkshire said that the goals of the Fleet Services budget included ensuring maximum recovery of warranty expenses, providing technical training on new buses, implementing a fully automated fueling system, upgrading fleet and inventory management software, continuing to maintain efficient fleet performance, and developing recommendations for BRT and downtown shuttle vehicles.

Mr. Kleger noted that LTD buses were very clean, and he received many comments from fellow passengers about how clean the buses were. Ms. Hocken added that LTD rider surveys showed over and over again that people felt that the cleanliness of the buses and facilities made the system safer.

Mr. Berkshire said that Fleet Services was requesting an additional journeyman mechanic position. Under Materials and Services, Mr. Berkshire said that staff were anticipating fuel prices to remain consistent at \$0.65 per gallon. An increase was anticipated in engine overhauls because the 1991 model buses had reached their life expectancy of 400,000 miles. Body repair and painting, which previously were performed at LTD, would be subcontracted.

Mr. Rode asked about the increase in the fleet size during the past three years. Mr. Berkshire said that the fleet had grown from 102 buses to 130 buses during that three-year period. Mr. Rode then asked if the newer buses were more maintenance free. Mr. Berkshire said that the heavy-duty bus industry was behind the auto industry in the trend of using the latest technology for more maintenance-free vehicles, but it was on an upward trend. Mr. Rode then asked what the mechanic-to-bus ratio was. Mr. Berkshire said that, on average, there were 5.6 buses per mechanic. Mr. Rode asked what the national average was. Mr. Berkshire said that in the Pacific Northwest, LTD's average ratio was between the high and low properties in mechanic-to-bus ratio.

Ms. Lauritsen asked about the purchase of fuel. Mr. Berkshire said LTD contracted with a fuel distributor. Ms. Lauritsen asked what type of fuel was used in the buses. Mr. Berkshire said that a low-sulfur, #2 diesel fuel was used.

Facilities Services: Facilities Services Manager Charlie Simmons said that the main mission of the Facilities Services department was to maintain and clean all LTD facilities in a safe and efficient manner. This was accomplished by a combination of staff and contracted services. In addition, the department provided construction management for new and existing facilities, office space planning, and environmental services.

Mr. Simmons said that the Eugene Station had been in operation for one year, and it had been very successful as designed and constructed. With the end of the first year of operation, the warranty on the facility would expire, which meant that LTD would convert from a warranty period to a post-warranty period, which would incorporate all systems and equipment into a preventive maintenance and corrective maintenance program.

The FY 1999-2000 goals of the Facilities Services department included providing new services at the Eugene Station that previously were covered by warranty; managing Phase 2 of the improvements at the Glenwood facility; managing the implementation of passenger boarding facilities, including shelters and the installation of an additional 150 bus stop benches; and providing daily cleaning and maintenance services for all District facilities.

Mr. Simmons said that Facilities Services was requesting an increase of 5.6 percent for FY 1999-2000, which included no change in staffing, an increase of \$9,000 for assuming the maintenance of systems at the Eugene Station, and an additional \$8,000 in contracted services for anticipated changes of shelter and bus stop locations.

Mr. Bean asked what services would be contracted out and to whom. Mr. Simmons said that some systems at the Eugene Station, such as the elevator and HVAC units, were contracted out. LTD contracted with the shelter fabricator for fabrication as well as for moving the shelters. In addition, all cleaning was contracted out with the exception of the Eugene Station, which was handled by staff member Diane Peterson.

Mr. Kleger asked about vandalism and repair. Mr. Simmons said that LTD's proactive approach in the selection of anti-graffiti materials had proven to be a good one. Graffiti and damage were attended to as quickly as possible.

Mr. Kortge asked if the bench pole bus stops required much maintenance. Mr. Simmons said that they were very inexpensive to build, were made of steel, and since they were introduced had no graffiti or wear-and-tear problems.

Special Transportation Fund (STF): Mr. Vobora noted that there were some corrections to the STF program statement, which was found on pages 1 and 2 of the Special Transportation Fund section of the budget document. Under the Summary of Changes on page 2, the word "decrease" in reference to the STF budget should be changed to "increase." Also, under the RideSource service heading, a bulleted list item proposed to set aside \$25,000 for capital match contribution needed to be changed to \$54,850.

Mr. Vobora said that the STF was used to fund RideSource, which was curb-to-curb service for people who were frail elderly or severely disabled and could not use the regular service. The fund was separated from the LTD budget due to the pass-through funding that was received from the State cigarette tax. Previously, the State funded the entire special transportation services program; however, in recent years, the service and demand had grown, while the State funding had not, and LTD had begun contributing funds from the General Fund to make up the difference.

The State funding was combined with the General Fund contribution and those funds were passed through to the Lane Council of Governments (LCOG). LTD contracted with LCOG to oversee the special transportation services. The program manager was a staff member at LCOG, who managed both the services within the LTD service area and the special transportation services outside of the LTD service area. The service itself was operated by Special Mobility Services, a private, non-profit carrier.

The goals and objectives of the STF were to continue to implement strategies to reduce RideSource operating costs, increase revenues, and manage demand. The total proposed budget request was 1.8 percent more than the previous year's budget. A General Fund increase of 6.3 percent would provide a 6.3 percent wage increase to manage employee retention and turnover issues.

The total proposed budget decreased by 1.8 percent and an increase in the General Fund contribution of 6.3 percent. The proposal included a capital match set-aside in anticipation of a depleted capital reserve fund and funding to continue the Travel Training and Attendant program.

Ms. Hocken asked if the operating revenue, other than the State Special Transportation Fund, such as fares, initially was reported in the General Fund and not in the Special Transportation Fund. She also asked if the money from the partnership with Lane County Development Disabilities also would appear in the General Fund. Mr. Pangborn added that RideSource kept all revenues. The costs were net of the revenues that were collected by the provider.

Mr. Kortge asked how often the operators literally were out driving the RideSource vehicles. Mr. Vobora said that trips were booked in advance, so RideSource was able to group trips together.

Mr. Grimaldi said he was somewhat concerned that the increase in the cigarette tax that reduce the number of smokers, which could result in a decrease in the revenue.

Capital Fund: Ms. Hellekson said that the goals and objectives of the Capital Fund included completing the engineering of the BRT pilot corridor, determining the future of the Springfield Station, enhancing automation of key operating tasks, and continuing with Glenwood property improvements.

Ms. Hellekson reviewed the capital project costs. She said that the Capital Improvements Program was a 20-year plan in the Long Range Financial Plan, and the first 5 years of the Program were the primary focus. The total amount requested for the Capital Improvements Program was \$9,748,310.

Ms. Wylie asked how LTD capitalized the less-expensive items, such as those that cost less than \$5,000. Ms. Hellekson said the federal government did not require capitalization below \$5,000; however, it was LTD's option to use a lesser figure. LTD had maintained a policy of capitalizing anything that cost more than \$100 that was associated with a project or if it had a useful life of at least five years.

Ms. Hellekson said that total resources were expected to be \$21,651,900. Grant funding accounted for \$8.5 million of the total. She then reviewed the obligations of the Capital Fund, which totaled \$21,651,900 and included Fund Balance Reserves of \$11,903,590. The Fund Balance Reserves would be used as local match for federal funds.

Ms. Wylie asked who wrote the grant applications for LTD. Ms. Hellekson said that the grants administrator was Lisa Gardner in the Planning and Development department.

BUDGET SUMMARY: Ms. Hellekson concluded the budget presentation by summarizing the budget request. The total proposed FY 1999-2000 budget appropriation was \$53,087,829. Ms. Hellekson said that the total budget increase in personnel services was 7.9 percent, and the total budget increase in materials and services was 7.5 percent. The operating budget was proposed to increase by 7.3 percent, and the non-operating budget was proposed to increase by 5.4 percent. The requested budget in the Special Transportation Fund decreased by 1.8 percent, but the General Fund contribution to the Special Transportation Fund increased by 6.3 percent. The Capital Fund proposal was for an increase of 18.3 percent over the previous year's budget.

Ms. Hellekson presented three questions for Committee consideration:

- Given the values and goals shared by staff, was LTD on the right track with the FY 1999-2000 proposed budget?
- What did Committee members think about BRT and the role it played in the communities' future?
- What aspect of LTD's business next year (or in the future) might the Committee do differently?

COMMITTEE DISCUSSION: Mr. Grimaldi asked the Committee to keep the questions in mind, to feel free to ask questions of staff, and to make comments about the proposed budget.

Mr. Kortge said that he thought LTD was on the right track with the budget. In response to the question about BRT and the role it played, Mr. Kortge thought that being committed to BRT was the key to its success. Next year, he thought that there should be more discussion about the proposed downtown commuter loop.

Mr. Rode said that he was concerned that capital was expanding too fast. He said that he enjoyed the Eugene Station and thought it was a very cost-effective design. He thought that the BRT proposal was moving along too fast, and he did not know enough about it.

Mr. Bean said that he thought the value and goals of the proposed budget were on track. He stated that he wholeheartedly agreed with the proposed BRT project. He was concerned that there were hidden costs in the software/hardware portion of the Capital Fund.

Ms. Wylie said that she thought staff had done a good job in preparing and presenting the budget. She thought that there had been adequate opportunity to understand, and when she had questions, she was given or had found the answers in the budget notebook. She thought that the values and goals were on track, and LTD was a quality operation. She was concerned whether the BRT project would stay on track, and about the future of federal funding for the BRT project. She cautioned staff to not base increases in the overall budget on federal funding and was concerned about identifying funding for the Springfield Station.

Ms. Lauritsen said that it was frustrating to not have hard numbers to work with when planning five to ten years in advance. She was interested in the performance measures and the average weekday passenger trips. She thought it was important to tie the BRT needs to what was going on in the community, and passenger trip data would be very important as LTD requested approvals for BRT from the various jurisdictions. Ms. Lauritsen thought that BRT would be very good for the community and wanted to see the rights-of-way made available before BRT became too expensive.

Mr. Kleger said that he thought the values and goals were in good concert with each other. He thought that LTD was very tightly worked on fleet maintenance, but the department did a very good job in keeping the equipment operational and clean. He was concerned about the low spare buses ratio and with how long LTD was operating the aging buses.

Mr. Kleger said that BRT was crucial to the community and already could be five years too late. He said that rush hour traffic already was becoming unbearable.

Ms. Papp said that when budgets were presented, people tended to remember only two things: head counts and wage increases. This was a much different process than she had ever seen, and she thought it worked very well. She was concerned about the growth in Eugene, which was a good thing. If the community grew with the right plan, it would benefit everyone. She thought BRT was the way to go.

Ms. Hocken said that she liked Ms. Loobey's opening comments about how the District needed to find a way to describe its value to the community. She supported the efforts by the marketing staff to carry that message to the community. She said that it was a slightly different focus than the marketing efforts of the past, which has been to get people on the bus. She thought that the focus of a marketing campaign such as this was to generate broad community support for the District and its initiatives. She was concerned that the message was aimed at generating broad-based community support. Ms. Hocken said she was very supportive of BRT and was excited about the Comprehensive Service Redesign process, which would take a theoretical look at some of the factors that go into designing bus routes.

Mr. Brink stated a potential conflict of interest for the record because he was the director of the Downtown Eugene, Inc., which had been contracted by LTD to assist with Eugene Station security. He thought that the "empty bus" perception was unfortunate for the community. He thought that the BRT program would make the bus system more competitive for the average user. LTD was a leader in the community, and while LTD could be satisfied to provide basic transit services, the fact was that it did a lot more than that. He shared the vision for the downtown commuter shuttle, and he thought the service and budget reporting were outstanding.

Mr. Grimaldi complimented the staff for the budget preparation and presentation. It was obvious to him that LTD's financial situation was strong, and not by accident. He agreed that this was a status quo budget, but was an important one. It reflected the important investments LTD was making in its organization. He was concerned that the District needed more staffing in the technical area. He thought that the Comprehensive Service Redesign would show a need for service enhancements, and he thought staff should find ways to add service. He said that BRT played a role in the community, and the community was at a crossroads. He was concerned that the implementation of BRT should be acceptable to the community and that the technical requirements of BRT be met. He thought it would be challenging to balance those two factors. He encouraged staff to be somewhat flexible with the timing of the BRT project. He said that it had been a pleasure to be a part of the Budget Committee.

MOTION
VOTE

APPROVAL OF BUDGET: There being no further Committee discussion, Mr. Kleger moved that the LTD Budget Committee approve the proposed Fiscal Year 1999-2000 budget as presented and forward it to the LTD Board of Directors for adoption. Mr. Bean seconded the motion, which passed by unanimous vote, with Bean, Brink, Grimaldi, Hocken, Kleger, Kortge, Lauritsen, Papp, Rode, and Wylie voting in favor, and none opposed.

ADJOURNMENT: There being no further business, Mr. Grimaldi adjourned the Budget Committee meeting at 9:05 p.m.



Budget Committee Secretary