

MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Thursday, April 27, 2000

Pursuant to notice given to *The Register-Guard* for publication on April 21, 2000, and April 24, 2000, 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 27, 2000, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board Members

Pat Hocken
Dave Kleger
Virginia Lauritsen
Gerry Gaydos

Appointed Members

Russ Brink
Betsy Boyd, Secretary
Gino Grimaldi
Elaine Guard
Pamela Papp
George Rode, Chair, presiding

Staff

Ken Hamm, General Manager
Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Susan Hekimoglu, Recording Secretary

Absent: Michael Bean, Appointed Member
Rob Bennett, LTD Board member
Dean Kortge, LTD Board member
Hillary Wylie, LTD Board member

CALL TO ORDER: Committee Chair George Rode declared the meeting reopened from the previous evening at 6:34 p.m.

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

CONTINUE BUDGET PRESENTATIONS - Presentation Format and Logistics:
Ms. Hellekson reviewed the meeting of April 26, 2000, and discussed the agenda for the current meeting. She also reminded the members of the Committee of the logistics of the meeting.

GENERAL ADMINISTRATION UPDATE: Assistant General Manager Mark Pangborn said that in response to a question from the previous evening's meeting, he had prepared more information concerning the detail of the Materials and Services budget for the General Administration department. Board expenses, which covered Board travel, meals, and other meeting expenses, was budgeted at \$24,876. Dues, Publications, and Memberships was budgeted at \$51,600 and covered the membership

in the national American Public Transportation Association (APTA) and the Oregon Transit Association (OTA). The Travel and Training budget of \$55,250 included \$34,000 that had been set aside for use by the new general manager for team building and other training opportunities as he built his new team.

Under Professional Services, the legal expenses of \$48,000 included the costs of the contracted legal counsel services and other costs associated with legal issues. The lobbying expense of \$20,000 was used for a contracted federal lobbying firm. Contractual Services were budgeted at \$53,600 and covered an image campaign and other consulting services.

INFORMATION SERVICES UPDATE: Information Services (IS) Manager Steve Parrott responded to a question from the previous evening about the \$100,000 cost of the proposed new staff member in the IS department. Mr. Parrott thought that the question came from comparing the FY 1999-2000 staffing levels to the proposed FY 2000-01 levels. The IS department had undergone a reorganization during the past year, and two positions that were in the IS budget the previous year had been vacated and had remained unfilled. The department was reorganized, and those two positions had been reclassified. As a result, and with the proposal for the new staff position, the number appeared somewhat inflated, when in fact the true difference in cost was \$67,025.

DEPARTMENTAL BUDGET PRESENTATIONS, CONT.

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

During the past year, the department had achieved several significant accomplishments. The accident rate was reduced by 8.3 percent, customer complaints were down by 9 percent, the mobile data acquisition contract was successfully completed, and a performance standards and mentoring program was established for instructors.

Mr. Johnson said that one of the key goals for the coming year was to restructure the security program by expanding contracted security services, tracking trends and responding to problem areas, providing better response time, and expanding the video surveillance program.

In a response to a question from Mr. Kleger, Mr. Johnson said that supervisors currently were doing double duty both supervising the bus operators and acting as security personnel at the Eugene Station and throughout the system. It was hoped that through the reorganization of the security process, the supervisors would be able to spend more time focusing on operator supervision activities.

Ms. Boyd asked for more details about the video surveillance program. Mr. Johnson said that digital cameras and recording systems currently were in place on 10 buses, and staff proposed to expand that program by 15 buses per year. The cameras were used as a preventative measure and to help enforce Ordinance 36. Ms. Boyd asked about the cost of the program. Mr. Johnson said that it cost \$8,000 per camera, per bus, and he had proposed an additional \$125,000 for additional cameras in the FY 2000-01

budget. Mr. Johnson added that there were security cameras located at key stations, and those were in need of minor upgrades and repairs.

Mr. Rode asked about the Eugene Police security program at the Eugene Station. Mr. Johnson said that the program would be maintained. LTD provided the office space and paid one-third of the cost of a security officer, while the City of Eugene provided the security officer and paid the other two-thirds cost associated with that position.

Mr. Johnson continued by saying that his department would continue to enhance bus operator training programs to improve performance. This would be achieved by concentrating on individual accountability and commitment for meeting performance standards, evaluating and improving new operator training, and by aligning operators with the mission of the District.

The department also would continue to improve LTD's safety record and would work to further reduce customer complaints. His staff would plan and oversee the implementation of new technology, such as bid software, dispatch and operator scheduling software, advanced vehicle locating (AVL) systems, advanced operating systems, and communication systems. Transit Operations also would continue to provide supervisor training opportunities and increased standards of performance, support and encourage staff development, and implement a new performance management system.

The proposed budget for Transit Operations included no changes in Personnel Services and a \$25,000 increase in Materials and Services due to the proposed change in security services. The overall proposal resulted in a 5.8 percent increase in budget.

Ms. Hocken asked what the plans were for the security program. Mr. Johnson said that a private security service would be contracted that specialized in transit security. Three full-time security officers would work under the contract. Ms. Hocken then asked if the Eugene security officer would remain on site. Mr. Johnson said that the agreement with the City would remain in effect. LTD contributed only one-third of the cost of that position, and that position really was focused on the downtown area and was not dedicated to providing security at the station but offered more of a police presence in the area as a preventative measure.

Mr. Kleger asked about the contract with the Downtown Eugene Mall Guides who also patrolled the Eugene Station. Mr. Johnson said that the contract would be reduced and would continue on a limited basis.

Mr. Brink asked where the funding for the video surveillance budget was. Mr. Johnson said that it was included in the Capital budget proposal.

Fleet Services: Fleet Services Manager Ron Berkshire said that the goals and objectives of his department included developing recommendations for BRT and downtown shuttle vehicles; exploring the feasibility of hybrid-electric powered buses; developing technical specifications, overseeing procurement, and monitoring production of new buses; and completing engine overhauls and reducing exhaust emissions on the 900-series buses. In addition, his department would continue to upgrade the fleet appearance with new paint and a conversion to the new logo design.

His budget proposed no changes in Personnel Services, and the Materials and Services budget would reflect increases in fuel prices, increases in body repair and painting costs, increases in the number of engine overhauls, increases in contracted inspection and maintenance of shop equipment, and a decrease in component rebuild costs. Overall, the budget for Fleet Services as proposed reflected a 14.3 percent increase.

Facilities Services: Facilities Services Manager Charlie Simmons said that the goals and objectives of his department included providing daily cleaning and maintenance of services for all District facilities, locating passenger-boarding facilities to meet service changes due to the comprehensive service redesign (CSR), replacing 12 existing shelters and developing 12 additional shelter sites, developing passenger facilities for the proposed downtown shuttle service, assisting with the design and construction of the BRT pilot corridor, and completing the construction of the new LCC Station.

His budget proposed the addition of 1.0 FTE in Personnel Services and a reduction in the utilities and contracted cleaning budgets. Overall, the Facilities Services proposed budget reflected a 2.2 percent decrease.

Mr. Kleger asked about the cost of vandalism. Mr. Simmons said that he did not have the exact figure, but the department was in the process of installing a new facilities database that would track facilities statistics. He would be better able to answer that question in the future. During the past two years, the cost of vandalism had been decreased due to the use of graffiti-resistance paint and windows and the installation of glassless shelters. The new software also would track vandalism activities, and trends could be identified and actions taken to further reduce vandalism.

Mr. Rode noted that the Churchill High School shelter, as well as shelters along Highway 99, appeared to be heavily vandalized. Mr. Simmons said that LTD was switching to a glassless shelter that was known to be very successful in deterring vandalism.

Mr. Brink noted his appreciation that the Eugene Station had been kept very clean and presentable.

General Fund Recap: Ms. Hellekson said that Facilities Services department presentation concluded the General Fund departmental budget presentation. She then provided a review of the General Fund resources and obligations. She noted that the total expense of providing fixed-route services was proposed at \$21,582,131, which reflected a 5.4 percent increase over the current year.

Ms. Hellekson reviewed the General Fund obligations as they pertained to transfers and reserves. She also said that a change had been made in the reserve policy. LTD had been keeping in excess of \$6 million in cash reserves in the operating fund in accordance with an old policy that required that 25 to 40 percent of operating expense be reserved at all times against either a fluctuation in the payroll tax, a downturn in the economy, or some legislative action that might jeopardize LTD's resource base. LTD also was self-insured for the first \$100,000 for any major accident. The reserve policy recently had been changed to reduce the amount of reserves in the operating fund. Excess money would be transferred on a one-time basis to the Capital Fund, where

those funds would be required. A one-time transfer of \$3 million would be made to the Capital Fund for current projects, and \$4.2 million would be transferred to the Capital Fund for capital reserves. She would be presenting the Capital Fund budget later in the meeting.

Special Transportation Fund (STF): Mr. Vobora said that the Special Transportation Fund (STF) was different than the General Fund because special transportation was curb-to-curb (RideSource) service that was mandated by the Americans with Disabilities Act (ADA) and was designed to be used by those who could not utilize the regular fixed-route service. The funding came mostly from the state as pass-through funding from the cigarette tax, though LTD also provided some of the cost.

The goals and objectives of the Special Transportation Fund included conducting a service audit for RideSource, implementing the 2000 fare increase, evaluating the effect of the CSR service changes on RideSource riders, and continuing to pursue a shared facility and shared vehicle servicing opportunities with the State of Oregon.

The staff would utilize trip-pattern data, investigate new service models that encouraged combined trips, and seek new funding sources for special transportation.

Staff were expecting an increase in STF operating and capital funding from the State of Oregon and were proposing a .75 FTE to 1.0 FTE increase in program management expenses. Overall, the STF budget was proposed to increase 23.3 percent over the current year.

Mr. Kleger asked Mr. Vobora to discuss the financial implications of contracting out the RideSource services versus operating the service in-house. Mr. Vobora said that the management of the RideSource service would be reviewed through the proposed audit. The audit also would reveal whether or not it was more effective or efficient to continue RideSource operations through a contracted-out basis. One of the biggest cost factors was personnel. If it were brought in-house, it would become part of the wage structure that was paid to LTD operators, which would result in higher costs to operate the RideSource service.

Mr. Grimaldi asked about training and if it was part of the administration of the service that was contracted to Lane Council of Governments (LCOG). Mr. Vobora said that it was part of the LCOG administration and was proposed at just under \$9,000. The remaining proposed budget increase would cover additional staffing and other program costs.

Mr. Hamm said that labor was the biggest cost factor in bringing the RideSource services in-house. He thought that the relationship with paratransit services was one that needed to be protected. It was well managed, and the costs were reasonable based on the average in the industry. Mr. Kleger added that when the service first was contracted out, the costs were cut quite massively, but the costs were creeping back to the level it was at when it previously was operated out of LTD.

Capital Fund: Ms. Hellekson said that the goals and objectives of the Capital Fund were to continue to engineer the BRT pilot corridor, determine the future of the Springfield Station, enhance automation of key operating tasks, and invest in the bus fleet.

Ms. Hellekson said that the Capital Improvements Program (CIP) was a rolling, five-year plan. The CIP was broken down into project categories, including automated data processing (ADP) hardware and software, automated vehicle location and passenger counting (AVL/APC), bus-related equipment, bus rapid transit, facilities, miscellaneous equipment, passenger boarding improvements, radio communications, shop equipment, revenue vehicles, Springfield Station project, support vehicles, and an unallocated local contingency.

For FY 2000-01, staff were proposing \$818,700 for ADP expenses, which included the next phase of the scheduling/dispatch system in the transit operations and service planning and marketing departments. Staff were proposing expenses of \$600,000 in the AVL/APC budget, which would include research, software selection, and full integration of the program. Staff were proposing \$125,000 for bus-related equipment, which included the addition of 15 on-board security cameras. Under the bus rapid transit category, staff were proposing \$9.2 million for the BRT Phase 1 build-out and planning for Phase 2. The facilities capital expenses were being proposed at \$675,000, which included Glenwood fleet improvements, administrative office expansion, miscellaneous security improvements, and the RideSource joint facility with the State of Oregon.

The Miscellaneous Equipment total being proposed was \$135,600, which included miscellaneous tools, furniture, and equipment and the cost of a new copy machine. Passenger Boarding Improvements were being proposed at \$870,000 and included improvements to existing passenger boarding facilities, additional shelters, the new LCC Station, facilities for the proposed downtown shuttle, and improvements at the Eugene Station. Ms. Hellekson noted that LTD would be sharing the cost of the new LCC Station with LCC. The Radio/Communications category cost was proposed at just over \$1.5 million to cover the cost of the completion of the radio system and improvements to telephone equipment. LTD now had a radio system that needed to be integrated with the scheduling, dispatch, and security systems. LTD proposed to make a large investment in vehicles during the next fiscal year. Staff were proposing \$5 million in Capital funds to be used for replacement and expansion buses and for BRT vehicles. The \$700,000 budget funding for the Springfield Station project already had been secured. It was expected that LTD would use the funds during the next fiscal year to acquire the property for the station.

LTD maintained a fleet of administrative vehicles, which routinely were replaced. Staff were proposing \$140,000 to replace aging vehicles and for additional fleet. LTD also maintained an unallocated local contingency, which could be used for unanticipated cost overruns. The ability to provide those funds with local money had been very advantageous in the past.

Ms. Hellekson said that staff were proposing an aggressive budget. The current year had been relatively slow in terms of capital expenditures. Next year, LTD was prepared to move forward on several projects that had been in the planning stages for some time. As Mr. Pangborn had said at the previous evening, there were two main themes in the budget. LTD hoped to bring BRT into the system and make it an effective part of LTD's and Lane County's future. LTD also hoped to make the overall fixed-route system more productive, efficient, and effective through the CSR.

Ms. Hellekson then reviewed the Capital Fund Resource Summary. She noted a correction to the Federal Grants section. The line item for Formula Funds (Section 5309) should not be referred to as Formula Funds, but rather as discretionary earmarks.

She noted that LTD would begin FY 2000-01 with a reserve cash balance of \$13.2 million, and it had been building each year. LTD expected to received \$3.4 million in Formula (Section 5307) funds, which already was secured under the Transportation Equity Act of the 21st Century (TEA-21). Staff were proposing to receive \$12.6 million in Section 5309 discretionary, earmarked funding. Of the \$12.6 million, only \$6.9 million had been requested during the most recent United Front application, because the Springfield Station funds, even though requested, would not be spent until FY 2001-02. The remaining amount already had been secured and was earmarked for BRT.

Ms. Boyd said that LTD purchased buses through the use of discretionary funding, and it seemed that LTD had anticipated a greater amount of money than was actually doable and always was disappointed to receive much less than was requested. She asked what LTD's theory was in requesting federal funding. Ms. Hellekson said that LTD was not requesting funding that was not attainable but had received money that was less than what was requested and had needed to change plans. The previous request for bus purchases was for \$10 million, and LTD only had received \$1 million. Staff then put together formula funds and made the largest bus order possible, which at the time were 19 buses. Staff then stretched the fleet plan out over a longer number of years.

Ms. Boyd said that it sounded like a failure on the part of the United Front delegation not to get the funding as requested. In addition, she said that those requests always were in the context of opportunities, and it seemed LTD had very ambitious proposals. Government Relations Manager Linda Lynch added that it was a matter of how much money was available for buses and whether or not buses could be obtained totally through federal funding. Some Districts used debt financing or other financing to purchase buses, but LTD never had done that. The formula funds had increased since TEA-21 and likely would increase again next year because of the increased income to the TEA-21 trust fund and future mandatory increases to the trust fund. LTD could receive more money in formula funding than anticipated, though it would not be known for some time. At some point, the District would reach a point where it cannot sustain the bus purchases of fleet using federal funding and would need to seek alternative financing methods.

Ms. Hellekson then reviewed the Capital Fund Obligations Summary. Total obligations were \$36.6 million and included bus rapid transit; bus stations, stops, and terminals; the Eugene Station; revenue rolling stock; the Springfield Station; radio communications; other grant-funded projects; local projects; and fund balance reserves.

Mr. Kleger asked about the additional work at the Glenwood facility. Ms. Hellekson said that there was \$220,000 for improvements, of which \$100,000 would be used to fund adjustments to the Parts department and to create a facility plan for Fleet Services to accommodate the additional fleet needs of the BRT system. The additional \$120,000 would be used to ease crowding and to create a long-term facility plan that would be a comprehensive effort that would seek operational efficiencies. LTD had reached its tenth year at the Glenwood facility, and the Federal Transit Administration (FTA) would

not fund a facility beyond 10 years. When the funding was requested, LTD had not been allowed to design the facility to accommodate needs beyond 10 years.

BUDGET SUMMARY: Ms. Hellekson said that the Capital Fund Summary concluded the presentation of the three funds that made up the entire budget. She provided a brief overview for committee deliberation. She referred to the Proposed Year Revenue and Expense Summary chart located in the agenda packet.

The Special Transportation Fund operating total as proposed was \$1,807,190 for a total increase of 23.3 percent over the current year. The General Fund operating total was proposed at \$21,582,131 for a 5.4 percent increase over the current year. The General Fund non-operating budget was proposed at \$11,043,817 for a 15.0 percent increase over the current year. The Capital Fund project total was proposed at \$20,028,700 with an additional \$16,555,084 in reserves for a total increase of 66.7 percent over the current year. The FY 2000-01 budget appropriations as proposed totaled \$71,016,922, which was an increase of 33.8 percent over the current year, and mostly was due to the increase in Capital Fund expenditures.

Staff were proposing the addition of 3 FTE administrative support positions, which would bring the total employee count to 330.45 FTE and was a budget increase over the current year of 6.1 percent. Materials and Services increases primarily would fund increased fuel costs and fleet parts and an image investment for a total increase over the current year of 8.0 percent.

Ms. Hellekson thanked the support staff who had worked to put together the budget documents and presentation materials.

Ms. Hellekson provided four questions for the Committee to consider: (1) Given the values and goals shared by staff, was LTD on the right track with the FY 2000-01 proposed budget?; (2) Had the effort focused on community support for BRT been effective and was the plan for the future focused on appropriate keys to success?; (3) Were short-term efforts to increase ridership appropriately paving the way for the CSR in FY 2000-01?; and (4) What aspect of LTD's business during the next year or in the future might the Committee suggest doing differently?

She then turned the meeting over to the Committee Chair for budget deliberations and action.

COMMITTEE DISCUSSION: Mr. Rode asked for committee discussion. Mr. Grimaldi asked about the impact of the BRT project on the operating budget and asked if it was included in the long-range plan. Ms. Hellekson said that it was.

Ms. Boyd asked about contract negotiations, and one thing that usually was focused on was the increase in the hourly rate and what it would be. Besides that, because the operators interacted with people throughout the community on a daily basis, she asked what some of the major issues were from the operators standpoint to be addressed during the negotiations. Mr. Dickman said that three major components were known at this time. Because 43 percent of the employees were aged 51 or higher, the retirement plan was of chief concern. There was no indication of the wage interest at this time, but Mr. Dickman said he had been assured that it was reasonable. The third issue was the maintenance of benefits. It was anticipated that there would be a significant increase in

the cost of benefits. There were other supplemental issues that were important in the long term to the operators, such as the audit of the Special Transportation Service. In addition, the operators were interested in a wage increase and were interested in having a wage increase be implemented in six-month blocks so adjustments would occur at six-month intervals. The advantage to the District would be not having to pay the full amount for 12 months, and the advantage to the operators would be the constant reflection of the increase in their wages. Mr. Dickman said that he felt very comfortable in assuring the Budget Committee that the amounts that were requested in the budget were reasonable for the agreement of the contract.

Ms. Boyd asked if there were any language pieces of the contract that would be negotiated that would dramatically change the outcome of the negotiations. Mr. Dickman said that he thought the union mostly was satisfied with the existing agreement. Any language change issues would come from questions the District had to address efficiencies and improvements. LTD was very interested in finding efficiencies in the framework of the agreement with the union. A dialogue had begun that if efficiencies were found, those efficiencies would be shared between LTD and the union, which seemed reasonable.

Ms. Hocken addressed the question of LTD's short-term efforts to increase ridership as a way to pave the way for the CSR in FY 2001-02. She said that there were many processes and projects that had been proposed during the budget presentation that were aimed at increasing ridership, such as improving security, lowering the youth fare, and continuing to work with LCC on the term pass. She hoped they would be successful.

Ms. Hocken then addressed the issue of community support for BRT. In the intergovernmental arena surrounding the TransPlan process, she thought there was much more support from the other jurisdictions now than there was one year ago. Working together with the jurisdictions, making compromises, and creating a better understanding of the project had facilitated that higher level of support. Ms. Hocken had attended some of the public meetings, and there were strong differences of opinion. She believed that the people who had attended had received answers to their questions and the assurance that LTD was listening to public input and not trying to just force feed BRT to the public. She believed there was a certain amount of respect for the efforts staff had made to come up with alternatives that met some of the public objections.

Mr. Rode said that the flat ridership statistics were of concern to him. As budget and expenses continued to grow, he hoped that ridership would grow by a proportional amount. Ms. Lauritsen said that was one of her major concerns as well. She thought LTD was vulnerable in having such a low percentage of total revenue coming from passenger fares. Mr. Rode added that by next year, he hoped to see ridership up by at least 5 percent.

Mr. Grimaldi complimented staff for the budget preparation and presentation. He thought LTD staff did a fine job, and LTD was a great organization that obviously was moving forward. He was happy to see the new policy on the reserve funds and putting that money to good use. Mr. Rode added his thanks to the staff for the enthusiasm and good information that was presented to the Committee.

**MOTION
VOTE**

APPROVAL OF BUDGET: There being no further discussion, Mr. Gaydos moved that the LTD Budget Committee approve the proposed FY 2000-01 budget as presented and forward it to the LTD Board of Directors for adoption. Ms. Papp seconded the motion, which passed unanimously by acclamation.

ADJOURNMENT: Ms. Lauritsen moved that the Budget Committee meeting be adjourned. Mr. Rode seconded the motion, which passed unanimously by acclamation. Mr. Hamm thanked the Committee members for their time and attention to LTD's budget. Mr. Rode then adjourned the meeting at 8:25 p.m.



Budget Committee Secretary