MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, April 24, 2002

Pursuant to notice given to *The Register-Guard* for publication on April 7, 2002, and April 18, 2002, 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 24, 2002, at 6:30 p.m., in the LTD Board Room at 3500 East 17^{th} Avenue, Eugene.

	Board Members	Appointed Members
Present:	Susan Ban Gerry Gaydos Dave Kleger Virginia Lauritsen Robert Melnick Hillary Wylie	Gino Grimaldi Elaine Guard Dean Kortge George Rode
Absent:	Pat Hocken	Michael Bean Betsy Boyd Russ Brink

CALL TO ORDER AND ROLL CALL: Board President Hillary Wylie called the meeting to order at 6:34 p.m. General Manager Ken Hamm called the roll. The following people were also present:

Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Carol James, Accounting Manager
Dave Dickman, Director of Human Resources
Ron Berkshire, Director of Maintenance
Mark Johnson, Director of Transit Operations
Stefano Viggiano, Director of Development Services
Terry Parker, Accessible Services Manager
Andy Vobora, Service Planning & Marketing Manager
Jo Sullivan, Clerk to the Board
Linda Lynch, Government Relations Manager
Charlie Simmons, Facilities Services Manager
Fred Simmons, LTD Bus Operator
Arline Link, LTD Bus Operator
Annie Saville, LTD Bus Operator
Jody Hubbell, LTD Bus Operator
Chris Thrasher, Recording Secretary

WELCOME AND INTRODUCTIONS: Ms. Wylie welcomed everyone and thanked them for their participation. She introduced Susan Ban, director of ShelterCare, as the newly appointed LTD Board member. Committee members took turns introducing themselves and

gave brief background information. Staff also went around the room introducing themselves.

Mr. Hamm thanked the Committee for their participation. He noted that this year's budget proposal reflected a significant change in focus and priorities from previous years. In the early 1990s, the economy was strong. LTD invested in new services, facilities, and equipment. In the last two years, the economy had started to shift. Payroll taxes flattened out, and LTD experienced growing expenses. Last year, staff engaged in a three-year effort to balance the revenues and expenses in the Operating budget. Staff was reorganized and 13 full-time positions were eliminated (11 of which were administrative). The Materials and Services budget was pared down. In the second year of the effort to balance the budget, the payroll taxes seemed to flatten out but expenses were still rising. The third year was based on estimations and would depend on whether or not the economy rebounded. Balancing the community's immediate needs, along with balancing the budget, is difficult and challenging. Staff has tried to make choices that would have the least impact on riders and employees. Mr. Hamm encouraged the Committee to ask questions during the presentation.

Ms. Wylie stated that staff had taken suggestions given by the Finance Committee after last year's budget process to create a budget document and presentation with a slightly different format.

NOMINATION ELECTION

ELECTION OF OFFICERS: Mr. Rode nominated Mr. Grimaldi, seconded by Ms. Lauritsen, for the position of Committee Chair. Ms. Ban nominated Mr. Kortge for the position of Committee Chair. The Committee agreed that the runner up to the Committee Chair position would be elected Committee Secretary. The Committee, by majority vote, elected Mr. Grimaldi as Committee Chair and Mr. Kortge as Committee Secretary.

PUBLIC COMMENT: Mr. Grimaldi opened the meeting for public comment.

Fred Simmons, LTD bus operator, distributed copies of a letter signed by 75 fellow bus operators stating that they believed LTD should reduce its unreserved Capital Fund and use that money to retain service rather than cause LTD guests inconvenience by cutting service. He believed that $7 million had been transferred out of the operating capital over the last couple of years. The current service cuts would impact people in the Bethel, River Road, and Thurston areas. He asked that the Board move $1 million from capital reserves into operating reserves. He believed the fuel and health insurance cost estimates in the budget were low.

Arline Link, LTD bus operator, believed the negative tax input to LTD would be short lived. She recently had seen building and people growth in the Eugene/Springfield area. She believed the loss of revenue was a projected issue and not necessarily reality. Transit was a necessity for most of the riders. People move to areas on bus routes because they cannot afford cars. Fare increases also impact riders. She believed that to obtain federal funding, LTD had to show a percentage of how riders and the number of cars in the area are balanced.

Annie Saville, LTD bus operator, believed it would be a big mistake to cut service and raise fares. Most riders have no other means of transportation. Poor people have to pay more to ride the bus than a group pass participant.

Jody Hubbell, LTD bus operator, stated that bus operators were the first, last, best, and probably only line of defense for LTD guests. Bus operators hear the complaints all the time. Mr. Hubbell stated that the cuts in service to route 62 VRC/Oakway Center would impact riders even though route 60 Cal Young would be redesigned to alleviate the changes. Some riders are totally transit dependent. He asked the Committee to consider LTD's priority to transport people. He believed that administration was not the priority and suggested that LTD could possibly suffer more losses in administration rather than implement service cuts.

MOTION
VOTE

APPROVAL OF MINUTES: Mr. Kleger moved the approval of the April 25, 2001, and April 26, 2001, minutes of the Budget Committee. Motion was seconded and passed unanimously by voice vote.

PRESENTATION FORMAT AND LOGISTICS: Ms. Hellekson reviewed the general logistics for the meeting, which included asking questions, meeting times, refreshments, and an emergency phone number. The Committee consisted of seven Board members and seven citizen members; therefore, it would take eight votes to approve or adopt the budget. The LTD Board has the authority to amend the approved budget on a limited basis without reconvening the full Committee.

The Committee was asked to keep in mind the following meeting goals:

- Where is LTD programmatically and financially?
- Given the need for tradeoffs, are proposed priorities appropriate for the short and long term?
- Are resources allocated in accordance with priorities and LTD's mission?
- Is the plan prudent?

Ms. Hellekson encouraged Committee members to review the notebook, which is the budget document, if they had not done so already. The presentation would include a financial overview, as well as discussion of key issues and tradeoffs, the Capital Improvements Program, the General Fund, Special Transportation, capital funding, and debt financing. The Committee would have ample opportunity for discussion throughout the presentation.

BUDGET PRESENTATION:

Budget Overview. Ms. Hellekson said that there were two budget themes for FY 2002-2003: (1) control General Fund expenditure growth to balance with projected revenue and (2) ensure success of the system in the future through implementation of bus rapid transit (BRT).

Ms. Hellekson stated that BRT was not the reason service was being reduced in this budget. Staff believed that service would erode in the future if nothing was done to improve the system. Instead, BRT is projected to increase capacity on the corridor. As we move into the future with this aggressive capital agenda, we will need to move resources projected for the Operating Fund into the Capital Fund.

In a starting point last fall, the Board looked at estimates of the current fiscal year and calculated out five years to where LTD would be if absolutely nothing was done differently. At that time, there was no projection that revenue would decrease. Also, requirements from the General Fund showed a $900,000 increase in Personnel Services. That translated into a projected $500,000 shortfall in revenues versus expenses in the first year, growing to $1.1 million the following year, and continuing to grow thereafter. Until FY 2000-2001, revenue and expenditures grew at the same rate. At that time, since revenues exceeded expenses, reserves were created in both the Operations Fund and the Capital Fund. In FY 2001-2002, a $3 million transfer was not made into the Capital Fund because expenses exceeded revenues.

In November 2001, the Board discussed options for increasing revenue. Fare increases were made, which resulted in a $400,000 increase in revenue and the rate for special services was adjusted, which resulted in a $100,000 increase in revenue. Since increasing the payroll tax rate requires a legislative session, that option was not implemented but remained a strategy for the future.

In November 2001, the Board also discussed options for reducing expenses. Eleven administrative positions were eliminated and marketing, employee events, travel, and training expenses were reduced. Operating expenses were the last option reviewed, which resulted in approximately $1 million in service cuts. This impacted approximately 12 bus operators.

With these adjustments, the FY 2002-2003 budget showed a modest surplus of $250,000 in the Operations Fund. Projections for Years 2, 3, and 4 showed a deficit but in Year 5, with economic recovery, revenues were estimated to exceed expenses.

Mr. Hellekson stated that the Long-Range Financial Plan process consisted of the following:

1. Balance the General Fund
2. Prioritize capital projects, determine priorities and timeline
3. Determine funding for capital projects and if Operating Fund should contribute to the capital agenda

She noted that the Long-Range Financial Plan and Capital Improvements Program were not budget documents but rather tools for the budget process.

The majority of the Capital Fund projects were related to bus rapid transit (BRT). Ms. Hellekson believed that the projected $29 million budgeted for in FY 2002-2003 was doable even though it was $5 million short. The reserves in the Capital Fund were in excess of $14 million deliberately for the purpose of providing future match and local capital for capital project support. However, projections showed that by the time we were ready to build Phase 2 BRT, we would be out of money. We also would be out of any possible local match for future formula funds. Although adjustments worked for the Operating Fund, this plan did not allow for meshing the two funds.

Staff took another look at transferring funds from the Operating Fund to the Capital Fund. Ms. Hellekson noted that transfers were made yearly throughout the 1990s. Staff looked at reducing service by another $1 million in FY 2003-2004, which resulted in

balancing the Operating Fund and the Capital Fund. It also allowed for the transfer of funds again. Although the Board approved this plan, it did not mean that the Board had approved another $1 million in service cuts. Ms. Hellekson stated that the Budget Committee would only be approving the proposed budget for FY 2002-2003.

Mr. Grimaldi asked for clarification of Mr. Fred Simmons' recommendation. Ms. Hellekson stated that Mr. Simmons recommended transferring $1 million from the Capital Fund into the Operating Fund and labeling it for use as service contingency. If you spent the $1 million transfer, the problem would compound in the future. You can only spend it once because it is not an income stream. Ms. Hellekson stated that an Operating Contingency of $1.5 million already existed. Since the Board has the authority to spend that contingency at any time, she believed it was not necessary to transfer another $1 million into the General Fund.

In response to a question from Mr. Melnick, Ms. Hellekson stated that the $1.5 million contingency was carried forward each year if it was not spent. The Board has specified a minimum of $3 million in Operating reserves, which is built of three pieces: $1 million self-insurance reserve, $1 million in Capital reserves, and $1 million for working capital to carry over into the next year. That money typically is not spent.

Mr. Grimaldi asked how $1 million in service cuts would impact the bus riders. Mr. Vobora stated that the service cuts translated into 90 percent of LTD's service hours. Staff evaluated different options, such as span of service, frequency, and hours and developed a proposal that blended most of the options. The results were span of service cuts on Saturday and Sunday, and mid-day frequency cuts on five routes from ½ hour to 1 hour. Riders will be impacted, and we may lose riders. Most riders who are transit dependent should be able to adapt.

Ms. Hellekson stated that the second proposed $1 million service cut was a placeholder. As part of a year-long development process, staff and the Board would review the same issues and prioritization again.

Mr. Gaydos stated that LTD did go through a Comprehensive Service Resign and increased service by 4.8 percent before the $1 million service cuts, which resulted in a 9 percent service cut.

Ms. Ban asked if there were seasonal differentiations in the utilization. Mr. Vobora stated that 51 percent of trips are school related and that service is usually cut back in the summer.

In response to a question from Ms. Lauritsen, Ms. Hellekson stated the there were 214 bus operators and 82 administrative personnel before the cuts.

In response to a question from Mr. Grimaldi, Ms. Hellekson said that the fare increases would become effective July 1, 2002.

Mr. Grimaldi stated that Operating revenues showed fares flat and asked how fare revenue could be maintained with a decrease in service by 9 percent. Ms. Hellekson stated that the proposed amount for FY 2002-2003 reflects the 10 percent increase and did not include the second $1 million service reduction.

Mr. Grimaldi asked if there was concern about not meeting the fare revenue for FY 2001-2002. Ms. Hellekson stated that the Board had given direction to re-evaluate group pass and special service contracts. Staff also looked at what other transit properties were doing and found that LTD was in the middle range for fares but on the low end for passes.

Mr. Grimaldi asked for clarification regarding Ms. Link's comment regarding projected losses. Ms. Hellekson stated that staff's projections from last fall had been fairly accurate. Staff had managed to a 2 percent reduction in payroll tax revenue. Personnel services expenses, which amounted to 80 percent of total expenditures, were monitored carefully. Historically, projections have been accurate. Staff had not seen anything in the last six months that indicated a difference. Staff's recommendation has always been cautious and prudent.

Mr. Melnick stated that it was important to recognize that the Board has concerns. On the one hand we have immediate responsibilities to remain in the black. On the other hand, we have to plan for future growth. Farebox revenue is only 20 percent of total revenue, with the remainder coming from payroll tax revenue. When there is a drop in the economy or an increase in fuel prices, it is felt 30 days later.

Ms. Hellekson reported that the Oregon Department of Revenue (ODOR) had mistakenly given LTD $1 million more than what belonged to us in November 2001, which made it difficult to predict tax revenue.

Mr. Kortge stated that farebox revenue shows stakeholders that riders pay a percentage. He noted that the Board has tried to follow the principle of farebox revenue as 20 percent of the revenue stream.

Ms. Wylie stated that the Board had been aggressively raising fare rates and believed we had reached the limit for a few years. Need to look for other ways to raise revenue.

In response to a question from Mr. Kleger, Ms. Hellekson stated that if service cut estimates were not sufficient for FY 2002-2003, staff would have to ask for another minimum $1 million service cut proposal for FY 2003-2004. Staff is very good at expenditure control and estimating revenues. Since most of LTD's expenses are on service, that is a logical place to look for saving money. However, staff have looked at service cuts as a last resort.

Mr. Kortge stated that fuel prices are unpredictable. Ms. Hellekson stated that the operating contingency was created just for that purpose.

Mr. Kleger did not want to make administrative cuts that in the long run would cost more money than it would save.

Mr. Vobora stated that the UO group pass student fee would increase to $9.25 per term and costs would continue to increase in the future.

In response to a question from Mr. Melnick, Mr. Vobora stated that approximately 2,500 students ride the bus on a daily basis.

Mr. Rode asked about the special services with minus profit. Mr. Vobora stated that special events are charged a community service rate of $68 per hour, which is the total direct cost. Some special service events are low maintenance while others, such as football service, are very labor intensive. For those more labor-intensive events, components were costed out to determine the actual cost of service. Next year, the UO football contract service rate will be $90 per hour. UO basketball will also be re-evaluated, although it is not quite as labor intensive.

Mr. Grimaldi asked if geographic distribution of the service cuts were considered. Mr. Melnick stated that the Board tried to respond to public testimony. Ms. Hellekson stated that the service cuts were detailed in the budget notebook under General Information. Mr. Vobora said that staff did not want to look at geographic coverage. Instead, staff looked at frequency of service because it would be easier to add back in.

Ms. Lauritsen believed that the cuts throughout administration and operations have been dramatic. If those cuts do not help increase revenue, then we need to cut expenses like other businesses do.

Ms. Hellekson restated the key issues and objectives:

- Balance the needs of the present with those of the future.
- Trim General Fund expenditures to align with expected revenues.
- Control future expenditure growth.
- Invest local dollars in capital projects.
- Maintain quality and standards.
- Maintain LTD's mission and vision.
- Preserve assets.
- Importance of BRT to fixed-route service.

(The Committee took a break from 8:00 p.m. to 8:10 p.m.)

Capital Improvements Program (CIP). Ms. Hellekson showed the project summary and the five-year planning horizon, which included all aspects of BRT, Springfield Station, revenue vehicles, passenger boarding improvements and facilities, hardware and software, intelligent transportation systems, bus video cameras, miscellaneous equipment, telephone equipment, shop equipment, support vehicles, and STF vehicles.

The FY 2002-2003 proposed budget for BRT was $20.6 million. This amount included the cost for planning, right-of-way acquisition, construction of the initial corridor, buses, facility expansion, automated fare sales and collection, AVL/APC, and installation of a six-post hoist to service the articulated buses.

Ms. Hellekson stated that a site had been selected for the new Springfield Station. However, there were still a number of issues around the development of that project. A Master Plan had been developed, and Mr. Simmons, project manager, would be happy to answer any questions.

Facility improvements included Thurston Station expansion of the Park & Ride, Springfield Station Park & Ride, satellite land acquisition, RideSource facility, and video

surveillance for the Glenwood facility. Ms. Hellekson stated that only $1.4 million had been pledged for the RideSource facility, which should allow construction of a minimal facility. Staff were looking at combining the RideSource facility with the satellite facility.

Ms. Hellekson stated that the CIP developed in February 2002 had been updated. The Committee would be asked to approve figures in the proposed budget columns, not on figures in the calculated columns.

Hardware and software projects included Internet connection, laptop PCs, graphics workstations, and wireless network expansion. A lot of the technology projects were pushed into the out years, including the Human Resources upgrade and Fleet software replacement. BRT-related projects were kept in the CIP, e.g., automated vehicle locators (AVL) and automatic passenger counter (APC) systems. Steve Parrott, Information Technology manager, could be contacted to answer questions. Committee members were invited to attend a special Board work session on May 13 on AVL/APC. Staff were evaluating responses to the Request for Proposals for APC systems that would be installed on all the vehicles. APC systems would allow staff to analyze the effectiveness of the routes, provide automated ADA announcements, and would improve reporting to the federal government. Ms. James stated that reporting requirements for formula funds changed once we moved into the higher population classification. The need for accurate passenger counting has become more important with a direct dollar relationship.

Overall, the CIP was dominated by BRT, which was the highest-priority project. The total CIP proposal was $39.5 million.

Mr. Rode was concerned about the impression of building BRT while at the same time raising fares for regular service. He wondered if it was more important to get people who are dependent on transit from point A to point B or just to reduce car traffic and asked if the tradeoff had been analyzed. Ms. Hellekson stated that staff have evaluated BRT in great detail. BRT is projected to cost less than current fixed-route service. One reason is that 60-foot articulated buses would be used for BRT. A majority of fixed-operating expense is the cost of the bus operator. Mr. Viggiano added that another cost is the delay of the bus. Staff believed BRT would benefit both choice and non-choice riders.

Mr. Melnick added that the Board also has dealt with the short- and long-term issues. The Board realized the need to invest now.

Mr. Kleger stated that another mission of BRT is to reduce air pollution and traffic congestion.

General Fund. Ms. Hellekson showed charts comparing passenger fares and group pass revenues. Historically, passenger fares rose, dipped, leveled off, and rose again with the 10 percent increase. The group pass revenue rose then declined, which was a result of the high-technology businesses laying off employees. The large organizations in the group pass program included the UO, Sacred Heart Medical Center, and the City of Eugene. Staff hoped to add other major employers particularly from the Gateway area.

Ms. Hellekson showed a chart outlining farebox recovery. Historically, farebox recovery was in excess of 20 percent through the end of the 1990s, then it started to slip to 17.22 percent as the economy weakened and revenue growth slowed. As a result of expenditure

control, the trend had started to turn upward. The hope was for farebox recovery to return to 20 percent in the next two to three years.

A chart showing the changes in the payroll tax revenue indicated that revenue hit a peak, then declined and flattened.

Mr. Rode wondered if private enterprise was the same as LTD in regards to employee raises and payroll tax.

Ms. Guard stated that local businesses currently were not increasing wages. If anything, businesses were laying off employees. She believed the economy was slowly turning around.

Mr. Dickman stated that a large growth in personnel services was a result of the growth in expanded service. Until last year, the workforce had increased. Also, the current ATU contract allows for a 4 percent yearly wage increase for contract employees.

Ms. Hellekson showed a chart that outlined the percent of change in payroll tax revenue. She noted a dramatic increase to 120 percent in 1997 with a dramatic drop to 90 percent in 2002. Ms. James stated that payroll tax revenue had been helped by construction projects at Autzen Stadium and the Eugene Public Library.

Revenue projections for FY 2002-2003 included a 10 percent increase in passenger fares at $4.4 million, flat payroll taxes at $16 million, 1 percent increase in self-employment taxes at $972,900, and 1 percent growth in state-in-lieu taxes at $1 million. Ms. Hellekson stated that self-employment taxes tended to move opposite payroll taxes. Because of the increased enrollment at the UO, no decline in state-in-lieu revenue had been seen.

Ms. Hellekson told the Committee that in the summary tables "actual" was compared to "estimated" and "budget" was compared to "proposed." In reviewing the General Fund resources summary, the estimated total resources revenues showed a 12 percent decline over the previous year. Proposed budget versus current year budget was down 6 percent because interest earnings were down and because of a conservative estimate regarding major sources of income.

Ms. Hellekson showed in a pie chart a breakdown of the proposed General Fund revenues: Taxes, 71 percent; Passenger Fares, 18 percent; Other Governmental Aid, 6 percent; Interest, 3 percent; and Other Operating, 2 percent.

Mr. Kortge asked why there was a big drop in Special Services advertising and miscellaneous over the last couple of years. Ms. Hellekson stated that Miscellaneous used to include the SAIF dividend. Ms. James added that because the market had crashed for SAIF also, no dividends were available to distribute. Ms. Hellekson stated that the estimate for advertising had declined because Obie Media had proposed to restructure its contract with LTD that would include reducing cash payments on a monthly basis and offering bus advertising space as an LTD expenditure reduction.

Since September 11, advertising had crashed nationally. Mr. Hamm stated that major advertisers were selecting specific markets with targeted advertising. The general revenue

that generally spills over to the media within smaller metro areas was not there. Sales for advertising was cheaper currently.

Mr. Rode stated, and Ms. Hellekson confirmed, that next year's budget would probably show a decline in advertising revenue and expense.

Ms. Hellekson stated that in summary the General Fund requirements showed an 11.1 percent reduction in estimated this year versus actual last year due primarily to expenditure control that was implemented throughout the year and administrative position reductions in November. Positions associated with service reductions would occur in June 2002 and September 2002. Every effort was being made to avoid bus operator reductions through retirements and attrition. Ms. Hellekson noted that there had been a $4 million transfer to capital reserves made in FY 2000-2001, prior to the decision to discontinue transfers.

To recap, changes in requirements from last year included the following:

- 10 percent reduction in fixed-route service
- Approximately 12 bus operator assignments eliminated
- 11 administrative positions eliminated
- 2 contract positions in Fleet Services eliminated
- Annual wage increases (2 percent semiannually for ATU; 4 percent average for administrative employees)
- 15 percent increase in insurance benefits
- Reduction in marketing expenses
- Reduction in employee programs and events
- Increase in property and other insurance related to market and September 11
- Decrease in fuel and parts costs related to service reduction
- Decrease in fuel prices

In response to a question from Mr. Kortge, Ms. Hellekson stated that health insurance premium benefits were 100 percent paid by LTD. Mr. Dickman added that HMO costs had increased to above 10 percent over the base plan. Ninety-three percent of LTD employees were currently enrolled in the HMO plan. Next fiscal year, employees would need to contribute $70 per month to retain the HMO plan next year.

In response to a question from Ms. Wylie, Mr. Dickman responded that LTD provided full-family coverage.

Mr. Kortge stated that it was extremely rare in our community that the employer paid full benefits and advocated for a cap.

Ms. Hellekson said that management previously had considered requiring administrative employees pay a portion of their health care premium. Since the ATU contract would not allow for the same kind of contribution, the savings would not be that great for LTD.

Mr. Dickman stated that the change on the HMO would save $309,000.

Mr. Rode, noting that lights were on in other parts of the building, asked if any steps had been taken in regards to energy conservation. Mr. Simmons stated that EWEB had performed an energy analysis. As a result, Fleet Services had been relamped and light motion detectors were installed in the restrooms, with a payback in two years for the capital cost. Motion detectors were not installed in every office since the payback would be 50 years. Other energy conservation recommendations by EWEB had been implemented.

Mr. Dickman stated that bids were out for liability, fleet, and general coverage insurance. Two factors were driving up costs of insurance: (1) an evaluation of estimated value of property and assets, and (2) the new earthquake insurance rating. He estimated a 24 percent increase.

Ms. Hellekson showed in a chart that the overall trend for diesel fuel prices had been gradually heading downward since September 2000.

Mr. Rode asked if buses were becoming less maintenance oriented. Mr. Berkshire stated that newer vehicles required less maintenance, fuel, and oil. He noted that filter prices were lower and oils were of better quality.

Ms. Hellekson showed in a pie chart how Personnel Allocation was distributed by department with Transit Operations making up 71 percent, Maintenance making up 15 percent, Development Services making up 6 percent, Finance & Information Technology making up 4 percent, General Management making up 2 percent, and Human Resources making up 2 percent. Ms. Hellekson noted that the distributions were in line with other transit agencies our size.

In response to a question from Ms. Lauritsen, Ms. Hellekson stated that the ratio of Maintenance to Transit Operation was in line with industry standards. Maintenance employees consist of mechanics and bus cleaners, as well as facilities services and parts employees.

Ms. Hellekson gave a brief explanation of the changes make after the November reorganization. Leadership Council, which consisted of 13 managers from 9 departments, was pared down to 9 managers from 6 departments. Facilities Services combined with Fleet Services to form the Maintenance department. The Information Technology department combined with the Finance department. The Development Services department was reorganized to consist of long-range planning, service planning, marketing, graphics, Commuter Solutions Program, and accessible services. Ms. James stated that an organizational chart was included in the budget notebook on page 13.

A pie chart showed the breakdown of Materials & Services appropriations of the General Fund: Fleet Services, 41 percent; Facilities Services, 11 percent; Insurance, 15 percent; Transit Operations, 7 percent; Marketing, 9 percent; and Other Departments, 17 percent.

Ms. Hellekson showed a pie chart that broke down the General Fund appropriations: Personnel Services, 74 percent; Materials & Services, 19 percent; Insurance & Risk, 3 percent; and Special Transportation, 4 percent. She noted that Personnel Services made three quarters of the appropriations because LTD is a service business, and service businesses spend their money on people.

Ms. Hellekson stated that this concluded the information that would be presented that night and asked for feedback as to whether the Committee's needs were being met as to the quantity of information. The Committee responded favorably. Not only was the presentation more brief, it allowed for more Committee discussion. The notebook and budget message were good.

Mr. Gaydos suggested adding brief explanations as to content on the charts in the notebook.

MOTION VOTE

<u>ADJOURNMENT</u>: With no further discussion, the meeting adjourned to 6:30 p.m., on Thursday, April 25, 2002, in the LTD Board Room.

Michael Bean

Committee Secretary

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