MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Thursday, April 25, 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 Thursday, April 25, 2002, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

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

CALL TO ORDER: Committee Chair Gino Grimaldi declared the meeting reopened from the previous evening at 6:35 p.m. General Manager Ken Hamm called the roll. A quorum was present. The following staff were also present:

Ken Hamm, General Manager
Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Carol James, Accounting Manager
Linda Lynch, Government Relations Manager
Mark Johnson, Director of Transit Operations
Dave Dickman, Director of Human Resources
Ron Berkshire, Director of Maintenance
Stefano Viggiano, Director of Development Services
Terry Parker, Special Transportation Manager
Jo Sullivan, Clerk to the Board
Chris Thrasher, Recording Secretary

WELCOME: Mr. Hamm welcomed everyone back to the second night of the budget presentation.

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

LOGISTICS AND AGENDA REVIEW: Ms. Hellekson thanked the Committee for returning for the continuation of the budget presentation. She appreciated the enthusiasm, commitment, and interest from the members. Ms. Hellekson reviewed the logistics of the meeting, which included asking questions, meeting times, refreshments, and an emergency phone number. She stated that the presentation would include a brief recap of the General Fund, as well as discussion of the Special Transportation Fund, Capital Projects Fund, debt financing, and budget summary. The Special Transportation Fund handles the damage-

response service, which is required under the American with Disabilities Act (ADA). The General Fund handles the fixed-response service.

Ms. Hellekson also reminded the Committee of the two budget themes: (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).

RECAP OF PREVIOUS NIGHT'S MEETING: Ms. Hellekson stated that the Committee received a financial overview at the previous night's meeting and talked about the key issues and tradeoffs, Capital Improvements Program, and the General Fund proposed budget.

Through organizational charts, Ms. Hellekson showed the make up of the organization before and after the November 2001 reorganization. The number of departments decreased from nine to six and were reorganized as follows:

- Finance (including Purchasing) and Information Technology merged.
- Human Resources & Risk Management remained the same.
- Development Services combined BRT, service planning and marketing, graphics, transportation demand management, and accessible services.
- Transit Operations combined with Guest Services.
- Maintenance combined Fleet Services and Facilities Services.

Staff attempted to prepare a report to show the effectiveness of the conservation measures in the last six months. However, the change in annexation of the Glenwood area from Eugene to Springfield resulted in a change of utility companies. Since Springfield Utility Board has a completely different reporting system than Eugene Water and Electric Board, it was difficult to show comparisons. Next year's budget presentation would include a year-to-year comparison.

The General Fund revenue projections included the following assumptions in next year's budget: 10 percent increase in passenger fares effective July 1, 2002; flat payroll tax revenue with a potential recovery in the fourth or fifth year; self-employment taxes growing at 1 percent; state-in-lieu taxes growing at 1 percent.

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.

The General Fund requirement summary showed a 10 percent reduction in fixed-route service effective June 2002, which would include eliminating approximately 12 bus operator positions, and reduction of 11 administrative positions and two contract positions in November 2001.

A pie chart showed the breakdown of personnel allocation by department: Transit Operations, 71 percent; Maintenance, 15 percent; Development Services, 6 percent; Finance & Information Technology, 4 percent; General Management, 2 percent; and Human Resources, 2 percent.

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

Ms. Hellekson also showed in a pie chart the breakdown of General Fund appropriations: Personnel Services, 74 percent; Materials and Services, 19 percent; Special Transportation, 4 percent; and Insurance and Risk, 3 percent.

SPECIAL TRANSPORTATION FUND: Ms. Parker stated that the Board recently held a work session on special transportation. The Special Transportation Program is a network of in-District and out-of-District services throughout all of Lane County. She referred the Committee to page 37 of the budget notebook for an overview of program resources. The beginning working capital was $121,000. These funds are set aside to help match capital projects and operations. The State Special Transportation Fund (STF) was down from last year at $600,000, which was a result of reduced cigarette tax revenue.

In response to a question from Mr. Kortge, Ms. Parker stated that a 2-cent cigarette tax was designated for elderly and disabled transportation.

Federal Pass-Through Grants (5311) is money for small city funds for Florence and Cottage Grove. LTD writes grants on behalf of those communities. Local cigarette tax is used to match the federal dollars to make a bigger program. These monies are for general public transit.

A transfer from the General Fund would be $955,000.

A graph showed an increase for the General Fund contribution and STF resources.

The expense side of the program matched what was happening in the other area. The General Fund pays for the RideSource program as well as the Transit Host and Travel/Training programs. RideSource includes a curb-to-curb paratransit service under ADA, grouped shopping trips, agency contracted door-to-door service, and an Escort door-through-door medical transport.

RideSource resources showed a $36,000 decrease in STF revenue; a $30,000 increase in fare revenue; a $6,500 increase in contributions through the Pearl Buck contract over a five-year period; and a $150,000 increase in the General Fund.

RideSource expenses showed a $95,000 increase in Salaries and Benefits (65 percent of costs) and a $47,000 increase in Materials and Services (16 percent of costs). The remaining 19 percent of the costs was in Administration and Other. Copies of line item budgets were available for more detail.

Other in-District services included the Transit Hosts & Transit Training programs that are run through a contract with Alternative Work Concepts. These programs provide one-on-one travel training to people with disabilities who have the desire to learn to use LTD bus service. The actual cost per one-way ride on RideSource is $19 per ride compared to $1.25 for standard service one-way fare. The amount paid for the training and hosts is approximately $10 per ride. The Transit Host program showed an increase of $14,000 to the General Fund, and the Transit Training program showed an increase of $1,650. Mr. Kleger added that the transit hosts not only service the disabled population, they also provide customer service to the general public at the Eugene Station.

White Bird Clinic also has a transport program. LTD contracts with White Bird Clinic to provide rides to treatment for people with mental and emotional difficulties. White Bird uses local taxi service to make these connections or uses an agency vehicle with a staff team to provide assistance, if needed.

South Lane Wheels is now an in-District service. It provides local service in Cottage Grove, Creswell, and rural environs, and also brings people into Eugene and Springfield for medical appointments.

Out-of-District services that come out of the Special Transportation Fund included the Rhody Express in Florence, Florence Medical Taxi, Oakridge Senior and Disabled Van, and Rural Escort programs.

Mr. Hamm stated that LTD really is a transportation organization that partners with the cities, county, and state, to solve transportation needs. The Special Transportation program is a good example of what is happening not only throughout Lane County but statewide as well. Ms. Parker brings a different perspective to the organization on how to operate and design services.

CAPITAL PROJECTS FUND: Mr. Pangborn referred the Committee to the Capital Projects Fund and Capital Improvements Program sections in the budget notebook. He stated that the Capital Improvements Program was a five-year plan that started off ambitiously and was pared back. The most significant projects included BRT at $20.6 million, Springfield Station at $6.8 million, fleet upgrade at $8.2 million, RideSource facility at $1.4 million, and technology.

In response to a question from Mr. Kortge, Mr. Pangborn stated that there were several reasons to purchase articulated buses: more capacity for morning and afternoon peak service and purchase price is more cost efficient. The previous purchase of used articulated buses was for use only for football and basketball special service.

Mr. Kortge believed that staff were making assumptions that the capacity need would justify the additional capital expense. Mr. Vobora responded that currently three buses were scheduled to leave three minutes apart at the Kinsrow apartments going to the UO during peak hours.

In response to a question from Mr. Rode, Mr. Berkshire stated that the average fuel mileage for a 40-foot bus was 5 miles per gallon and a 60-foot articulated bus would be around 4.7 miles per gallon.

Mr. Pangborn stated that of the $20.6 million for the BRT project, $10.3 million was for construction of the initial BRT corridor, $1.2 million for six BRT vehicles, $1.2 million for renovation of Maintenance facility to accommodate articulated buses, $1 million for planning additional BRT corridors, and $1.6 million for automated vehicle location (AVL) and automated passenger counter (APC) systems. Mr. Pangborn noted that APC data was crucial to receiving federal funding. Mr. Hamm added that the APC system is a platform for future growth, e.g., real-time information.

Mr. Rode asked how the automated fare system would work. Mr. Pangborn responded that BRT would have prepaid fares with ticket dispensing machines at each bus stop. There also would be a need for fare checkers.

In response to a question from Mr. Melnick, Mr. Pangborn stated that staff had budgeted $1 million for each BRT bus. Mr. Viggiano added that four buses would be in service with two buses used for back up.

Mr. Pangborn outlined the BRT timeline, with groundbreaking for the initial corridor in Fall 2002 and initial corridor service starting in Fall 2004. The Pioneer Parkway Corridor preliminary design would be completed in Winter 2003 with service starting Spring 2007. Coburg Road BRT preliminary design would begin Fall 2007. BRT buses would be ordered Fall 2002 with delivery planned for Spring 2004, which should allow for four to six months testing before service begins.

In response to a question from Mr. Grimaldi, Mr. Pangborn stated that the source of funding for the BRT vehicles was federal formula funds for a portion and debt financing for the balance. Staff also would be asking for discretionary funds from the federal government. Mr. Grimaldi asked if there would be an impact on the General Fund. Mr. Pangborn stated that from now on all funding would come from capital reserves.

In response to a question from Mr. Kortge, Mr. Pangborn stated that during the BRT bus testing period the public would have to be educated as to why some buses running on the same route are not available for service.

In addition to the BRT project, the Capital Projects Fund would support other projects, such as the Springfield Station, revenue vehicles, Maintenance facility remodel, passenger boarding improvements, Special Transportation vehicles and projects, and other grant funded projects. Total budget for Capital Projects was $39 million; however, not all $39 million would be spent next year.

Mr. Grimaldi asked the total cost of articulated buses and Maintenance facility renovation. Mr. Pangborn said the buses would cost $2.5 million and the Maintenance facility renovation was included in the BRT costs. Mr. Pangborn explained that there would be two different articulated buses: BRT and standard.

Mr. Grimaldi asked what would happen if the standard articulated buses were delayed for one year. Mr. Pangborn believed that customers would be left at bus stops because we would not have the capacity nor the money to add service back in. Mr. Hamm noted that there were opportunities to fund the capital side differently from the operations side. Some funds were only available for capital usage.

In response to a question from Mr. Kleger, Mr. Berkshire stated that the delivery date for the standard articulated buses would be before December 2002. Staff hoped to be able to "tag on" to Tri-Met's contract with New Flyer for the purchase of articulated buses. Mr. Hamm noted the advantages to "tagging on" was a cost savings and 18-24 months shorter lead time. Ms. Hellekson stated that other small transit agencies have "tagged on" to LTD contracts.

Mr. Pangborn stated that as service has been added, we have tried to find ways to increase the frequency on busier routes. It is more economical to have fewer buses and to increase the capacity.

The Capital Projects Fund resource summary showed $15.3 million for Beginning Working Capital, $20.2 million for Total Federal Grants, $1.6 million for Total State Funds for the RideSource facility, $12.6 million for Debt Financing, and $162,000 for Transfer from Special Transportation Fund. Total resources was $49.5 million.

The Fund Balance Reserves in the Capital Projects Fund showed $15 million for a beginning balance, decreasing $7 million for the period, for an ending balance of $8 million.

This amount would have to carry out for the next five years. The organization would have to look at how to replenish funds in future years.

BRT Vehicle. Mr. Pangborn showed a picture of the Phileas bus that is manufactured in The Netherlands, which is being considered for the BRT vehicle. He noted that European technology is far more advanced than U.S. technology. Features included a unique look, 60-foot articulated, doors on both sides, each wheel steers separately, hybrid-electric drive technology, flywheel storage, magnetic guidance system, and wide doors.

Another vehicle under consideration for BRT is the CiViS bus manufactured in France. Mr. Hamm and Mr. Berkshire visited both manufacturers in early 2002 and were impressed with the Phileas. Staff since have applied to be a demonstration project for the Phileas through the Federal Transit Administration (FTA). This would enable LTD potentially to defer the Buy America requirement and testing agreement and use federal funds to purchase European-made vehicles as soon as possible. The FTA has indicated that they would approve the demonstration project. With that, we would have to thoroughly examine the vehicle and the manufacturer, perform contract negotiation, determine vehicle specifications, and perform testing.

Mr. Rode asked if other buses would work on the BRT corridor. Mr. Pangborn stated that the bus must have a left-side door. He noted, however, that there is a risk involved with purchasing new technology.

Mr. Rode asked if there had been an approach by domestic bus companies. Mr. Pangborn stated that he and Mr. Viggiano attended a conference in Los Angeles in March 2002, where a number of bus manufacturers were present, as well as other BRT properties. Domestic bus manufacturers were taking a wait-and-see approach with Las Vegas' purchase of the CiViS and LTD's possible purchase of the Phileas. The FTA is encouraging domestic bus manufacturers to develop a bus suitable for BRT. The preference would be to buy American technology.

Mr. Hamm stated that neither vehicle was in daily service; however, both the French and Dutch governments have required testing of the vehicles. The FTA has been in contact with the French government regarding their testing requirements and how they correlated with the U.S.'s Altoona testing. Las Vegas has a waiver from the federal government to be a demonstration project for ten CiViS vehicles.

In response to a question from Mr. Rode, Mr. Pangborn replied that the CiViS would fit on the BRT tracks and would have doors on both sides. Ms. Wylie added that the Phileas had a lower emission standard than the CiViS.

Mr. Hamm stated that both the CiViS and Phileas manufacturers had contacted American manufacturers about working together, but to date, no deal had been arranged. Domestic manufacturers had hoped for funding from the federal government for research and development.

Mr. Pangborn stated that Oakland, who is building a modified BRT system, recently purchased 250 Van Hool buses from Belgium using local funds. Los Angeles wants to purchase 1,500 CiViS articulated buses and is trying to arrange for CiViS to establish a manufacturing plant in the U.S.

Mr. Rode asked if articulated buses were used in Japan. Mr. Berkshire stated that double-decker buses were used in Japan. Mr. Pangborn noted that Toyota was developing a hybrid-electric bus.

Springfield Station. Mr. Pangborn reported that $6.8 million was budgeted for the Springfield Station project; $5.5 million from federal funding and $1.3 million from local funding.

Mr. Simmons showed the Master Plan design and described the site boundaries as Pioneer Parkway East to 4th Street, and South A Street to the Millrace. Property would need to be acquired from Les' Canopy, Union Pacific, and Springfield Service Center. The design phase should be completed by December 2002. Construction would begin Spring 2003 with completion in late Spring 2004. Completion of the station is crucial as an eastern terminus to the BRT initial corridor.

Process for development of the Master Plan started with a two-day design charrette in January 2002. Three schemes were developed and presented to the Springfield Station Design Review Committee. After review and revision, a final scheme was developed as the Master Plan, which was approved by the Board in March 2002.

The Master Plan has one central platform with eight bus bays. Space for joint development, as well as public restrooms and a guest service center were also included. The capital budget assumed full funding for the station at $6.8 million, which is contingent on receiving the additional $2.8 million. If we do not receive the additional $2.8 million, we would need to find another funding source for the joint development space. Mr. Simmons stated the need for commitment to joint development.

Ms. Wylie believed that we would receive the additional $2.8 million. The Design Review Committee wants to move forward with joint development. Ms. Hellekson stated that the United Front request did not include funding for joint development. Mr. Simmons and Ms. Wylie felt optimistic that someone would come forward to partner in joint development, e.g., a business that would have the same operating hours. Staff would continue to strategize with City of Springfield staff to find a partner.

Ms. Lauritsen stated the need to build the station whether or not there was joint development.

Ms. Wylie recommended working with the Springfield Downtown Renaissance Corporation and the Springfield Chamber of Commerce.

In response to a question from Mr. Melnick, Mr. Simmons stated that it would be a real challenge to phase back if we did not get the additional $2.8 million.

Mr. Kleger recommended building at least the operational part of the station. The Site Review Committee did an in-depth evaluation of the old site and found it too small, worn out, and unsuitable for redevelopment. In regards to the Master Plan, the Design Review Committee was concerned about people crossing South A Street but believed there was a good plan to calm traffic flow.

(The Committee took a break from 8:10 p.m. to 8:23 p.m.)

DEBT FINANCING: Ms. Hellekson stated that debt financing was needed because of a reduction in federal grant funds. It allows flexibility and leverage of federal formula funds,

and maintains integrity of cash flow. It is recommended only for rolling stock and improvements. The useful life is more than 10 years. Length of time for debt financing was 12 years for buses and 20 years for facilities. The proposal for FY 2002-03 was $8.2 million for buses, $0.9 million for a satellite facility, and $3 million for BRT buses. Tying the satellite facility into the RideSource facility development would offer the advantage of buying property at today's price and investing in real estate with local funds to get a better return on the investment.

The estimated issuance costs was $500,000. A Request for Proposals (RFP) had gone out to select a bond counsel who would be required to give an opinion. An RFP also had gone out to select a financial advisor to help determine the structure the debt would take. The current interest rates were at 4 to 5 percent.

Annual debt service was estimated at $1 million to $2 million for 12 years on buses and $90,000 for 20 years on the satellite facility. Debt service would begin in FY 2002-03.

In summary, $1.3 million would be transferred from the Capital Projects Fund to the Debt Service Fund: $87,700 for satellite facility bonds, $938,800 for revenue buses bonds, and $352,200 for BRT buses bonds. Ms. Hellekson believed it was highly unlikely that the full budgeted amount would be spent in FY 2002-03.

Ms. Hellekson stated that LTD had been fortunate enough to have had the resources to avoid debt to this point, which is unusual in the public sector. She noted that the Board had been reluctant to incur debt.

Mr. Kortge hoped that LTD would never have to raise the tax base.

BUDGET SUMMARY: Ms. Hellekson restated that the budget proposal for the General Fund showed $29.3 million in total resources and total requirements, which was a 6 percent reduction over the appropriations for the current year. This reflected the reduction in personnel services, operating service, and materials and services, as well as a transfer to the Special Transportation Fund. There would be no transfer to the Capital Projects Fund in FY 2002-03. At some point those funds would need to be replaced to allow us to provide local match for the federal funds we expect to secure in the future. Ms. Hellekson believed that BRT success could lead to a source of additional federal funding.

Ms. Hellekson referred the Committee to the General Fund section in the budget notebook for more detail on obligations by department.

The General Fund operating budget was balanced, which was Step 1 of the Long-Range Financial Plan used as a tool to create the proposed budget.

Ms. Hellekson showed a breakdown of the 11 administrative positions that were eliminated in November 2001. In addition, 12 bus operator positions are anticipated to be eliminated as a result of the service cuts and one training specialist position would not be filed when the employee retired. Impact on budget from current year was a decrease of 0.2 percent.

Materials and Services showed a 5.4 percent decrease from current year, which included a reduction in fuel expense related to service cuts and price changes, reduction in advertising expense, reduction in employee programs and events, and an increase in insurance expense.

The operating budget, comprised of personnel services, materials and services, and insurance and risk services, showed a 1.5 percent decrease from current year, which was the first decrease since the early 1980s.

The non-operating budget, which included transfers to the Special Transportation and Capital Projects funds, operating contingency, self-insurance contingency, and other contingency, showed a decrease of 20.3 percent from current year.

The Special Transportation Fund showed an 11.1 percent increase, through RideSource, STF and federal grants flow-through, program administration, and capital match transfer. Ms. Hellekson believed that the aging population in the Eugene/Springfield area increases the demand for special transportation service. The General Fund transfer to the Special Transportation Fund showed a 2.7 percent increase.

The Capital Projects Fund showed a 2.5 percent increase over the previous year. In addition to capital projects, this fund included debt financing costs, transfer to the Debt Service Fund, and reserves.

The Debt Service Fund was newly established for FY 2002-03. The fund reflects the $1.3 million transferred from the Capital Projects Fund for the satellite facility, revenue buses, and BRT buses bonds.

Total proposed appropriations for FY 2002-03 was $82 million, which was a 3.6 percent increase over current year appropriations.

If the proposed budget is approved by the Budget Committee, the budget would then go before the LTD Board in June for adoption. Copies of the adopted budget would be sent to Committee members, as well as copies of the Comprehensive Annual Financial Report, which is published in the fall.

Ms. Hellekson referred the Committee to page 9 of the budget notebook for a flow chart of the different funds.

During Committee discussion of the proposed budget, Ms. Hellekson asked the members to consider the following questions:

- Have resource allocations been balanced appropriately between present service needs and future needs?
- Is the business plan "prudent"?
- What aspect of our business next year (or in the future) might you do differently?

She thanked Carol James, Chris Thrasher, Todd Lipkin, Amy Miller, and the Finance and production and distribution staffs for their help putting together the budget notebook and presentation.

COMMITTEE DISCUSSION:

Mr. Melnick thanked Ms. Hellekson and everyone involved. He believed the process was a quantum leap from last year and appreciated the opportunity for discussion throughout the budget meetings. He stated that the Board grapples with the short-term and long-term balance. In the short-term, things were not as good as we would have liked them to be. The long-term looked more promising. He believed the plan was prudent, with capital

improvement issues being the riskiest. Budget is a vehicle to express the values of the organization.

Mr. Rode liked the BRT project although he feared being the first to do something and feared repercussions of building BRT while at the same time cutting back service. He was nervous about using debt financing. He enjoyed last year's individual department presentations but believed it was not necessary to hear every year. He applauded this year's presentation.

Ms. Wylie believed resource allocations had been balanced between present service needs and future needs. She believed the Board had been strong about trying to meet the needs of the future through BRT. Sometimes it is hard to be the leader and be visionary. She is dedicated to BRT and the service plan. She believed the business plan was prudent. When talking about a 10 percent service cut within the same year, she reminded the Committee that services were raised by 4.8 percent in the fall, which basically reduced service only by 5.2 percent. She noted that the Board struggled with service cuts and recommended exploring strategies for additional revenues by looking at what other transit agencies were doing. The ultimate goal is to continue to provide services. She was proud of Finance's planning.

Ms. Lauritsen appreciated receiving the notebook and presentation. It was the best set of financials she had reviewed. She recommended approving the proposal and working toward next year.

Mr. Kortge said it was a treat to be back after a two-year absence. He thanked everyone for putting together a well-done presentation. He was not sure the economy was turning around yet. He did not support transferring additional funds into the operating budget to avoid service cuts. He believed the resource allocations were balanced and the business plan was prudent. Cannot go further without keeping the BRT vision. He believed the organization should cap medical costs.

Ms. Ban thanked Diane for the briefing the day before since she was new to the Board. She observed a balance between fiscal conservatism and visionary risk-taking. Both seem to be alive and well at LTD. She commended the Board for being courageous and the administration for making past decisions. She believed there was a balance between present service and future needs. She also believed the business plan was prudent. May be able to find other ways to address service level needs using the new AVL/APC system that will be installed next year, that are not cost intensive. Would like to monitor what is needed for service levels and determine what the real demand is based on real counts and global positioning. She believed the capital investments would give the tools to make smarter decisions that would ultimately save money. She appreciated the risk-taking in those areas.

Ms. Guard stated that she was a risk-taker. She loved the BRT project and the forward thinking. She agreed with other Board members in regards to the three questions. The group of people who form the community and team LTD show pride in what they do. She thanked staff for making the presentation succinct, to the point, and clear cut.

Mr. Kleger believed that staff top themselves every year. He believed that resource allocations had been balanced between present service and future needs. He also believed the business plan was prudent. He did not enjoy the process of balancing without adequate funding to do everything. In looking at balancing issue, he asked himself two questions: (1) what is to be gained by doing, and (2) what is the cost of not doing it. He believed BRT

was the way to address the incompatibility of cars and buses on the same street. He agreed with Mr. Kortge that the medical benefits and insurance costs should be gotten under better control and recommended looking into pooling interests, e.g., insurance, with other industries. He noted that personnel costs were always the big bill that needed to be watched carefully. He stated that there needed to be better communication with employees; the organization is not small anymore.

Mr. Grimaldi thanked Diane and the rest of the staff for another great job. He had no disagreements with comments from the other Committee members. He was convinced that there was a balance between present service and future needs. The economy would improve sometime, and he believed it would beat the projections. If the Board were to find itself in a position with additional funds available, he encouraged them not to spend it but to think about setting up a contingency to weather bad BRT projections. It would be bad to cut additional service in order to support BRT. He believed the business plan was prudent, and he would not do a thing different.

MOTION

VOTE

APPROVAL OF BUDGET: Mr. Kortge moved, seconded by Mr. Rode, that the LTD Budget Committee approve the proposed Fiscal Year 2002-2003 budget as presented and forward it to the LTD Board of Directors for adoption. The motion was approved unanimously by acclamation.

ADJOURNMENT: There was no further discussion, and the meeting adjourned at 9:15 p.m.

Budget Committee Secretary

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