

MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Thursday, April 29, 2004

Pursuant to notice given to *The Register-Guard* for publication on April 4, 2004, and April 14, 2004, and at the April 28, 2004, Budget Committee meeting, and distributed to persons on the mailing list of the District, an adjourned meeting of the Budget Committee of the Lane Transit District (LTD) was held on Thursday, April 29, 2004, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

	<u>Board Members</u>	<u>Appointed Members</u>
Present:	Susan Ban David Gant Gerry Gaydos Pat Hocken Dave Kleger Virginia Lauritsen	Russ Brink Dwight Collins Elaine Guard Dean Huber Dean Kortge Maureen Sicotte Darrel Williams
Absent:	Hillary Wylie	

CALL TO ORDER AND ROLL CALL: Committee Chair Dean Kortge declared the meeting reopened from the previous evening at 6:30 p.m. and called the roll. The following staff were also present:

Ken Hamm, General Manager
Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Carol James, Accounting Manager
Todd Lipkin, General Ledger/Grant Accountant
Ron Berkshire, Director of Maintenance
Stefano Viggiano, Director of Development Services
Mary Neidig, Director of Human Resources
Terry Parker, Accessible Services Manager
Connie Williams, Commuter Solutions Program Manager
Jo Sullivan, Administrative Services Manager/Clerk of the Board
Linda Lynch, Government Relations Manager
Steve Parrott, Information Technology Manager
Charlie Simmons, Facilities Services Manager
Chris Thrasher, Recording Secretary

PUBLIC COMMENT: Mr. Kortge opened the meeting for public comment. There was no public comment, and the public comment session closed.

LOGISTICS AND AGENDA REVIEW: Ms. Hellekson thanked the Committee for returning for the continuation of the budget presentation and reviewed the general logistics for 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 and Accessible Services Fund, which were discussed in length the previous night, as well as a discussion of the Commuter Solutions Fund, Capital Improvements Program, Capital Projects Fund, and a budget summary. The meeting would conclude with Committee discussion and action.

BUDGET PRESENTATION:

Recap of Previous Night's Meeting. Ms. Hellekson reminded the Committee of the two budget themes: (1) balance the transportation needs of the present with those of the future, and (2) identify sustainable fixed-route service goals.

The Committee had received a financial overview at the previous night's meeting and had talked about the key issues and directions from the Board of Directors, and General Fund and Accessible Services Fund proposed budgets.

Ms. Hellekson clarified a question from the previous night by stating that the impact of an additional 1 percent increase in a new Amalgamated Transit Union (ATU) contract, 5 percent instead of 4 percent, would amount to \$1.5 million in additional costs over a four-year contract.

The proposed budget for the General Fund included transfers to the Commuter Solutions Fund, at \$5,000; Accessible Services Fund, at \$1.2 million; and Capital Projects Fund, at \$1.2 million. Also included were reserves for operating contingency, at \$1.5 million; working capital, at \$5.3 million; and self-insurance and risk, at \$1 million.

The budget proposal for the General Fund showed \$34,539,430 in total resources and requirements, which was a 6 percent increase over the appropriations for the current year. Growth was due to the reinstatement of transfers to capital.

The budget proposal for the Accessible Services Fund showed \$2,591,540 in total resources and total requirements. Ms. Hellekson noted that the state support on resources was flat, which meant that as costs increased, the transfer from the General Fund would need to increase. On the requirements side, \$66,180 was budgeted for contingency.

Commuter Solutions Fund Proposed Budget. Ms. Hellekson stated that Programs under the Commuter Solutions Fund included the following:

- Carpool/vanpool
- Emergency Ride Home Program
- Park & Ride Program
- Gateway Transportation Program
- Coburg Transportation Program
- Smart Ways to School Program
- Group Pass Program

The objective for all of these programs is to reduce the number of people in single-occupant vehicles. These programs receive funding from the Surface Transportation

Program, at \$100,700; Rideshare Program, at \$464,000; Oregon Department of Energy, at \$30,000; and partnership agencies. LTD's contribution to this fund is only \$5,000.

Ms. Hocken noted that there was twice as much money budgeted this year as compared with last year when Commuter Solutions was part of the General Fund. Ms. Hellekson stated that a separate Commuter Solutions Fund was created this year because all of the resources for the programs are dedicated and cannot be used for any other purpose. Commuter Solutions Program Manager Connie Williams stated that since the Eugene/Springfield area has been federally designated as a transportation management area (TMA) area, federal funds come directly to LTD rather than channeled first to the State. One goal of TransPlan, the local transportation plan, was to identify and fund transportation demand management (TDM) strategies. Local Statewide Transportation Improvement Plan (STIP) discretionary dollars were allocated for an additional \$225,000 to the program.

In response to a question from Ms. Ban, Ms. Williams explained that the Smart Ways to School Program is a two-year program funded by the Oregon Department of Energy for \$30,000 per year to implement prototype programs within the Bethel, Eugene, and Springfield school districts. The program was working currently with 12 schools with a plan to add one high school to each of the school districts next year. Staff were working with parent volunteers to coordinate walking and bicycling "school buses" (parent-escorted services) and carpools.

Capital Improvements Program (CIP). Mr. Pangborn referred the Committee to page 43 of the budget notebook for review of the eight-year CIP. He stated that planning factors included the following:

- Increasing cost and complexity of capital projects mandated long-term planning. Planning for eight years was not a long timeframe for capital projects.
- Major projects such as EmX are tied to the federal funding cycle (FY 2004-2009 and FY 2010-2015).
- BRT/EmX is an integral part of TransPlan to decrease congestion.
- Board directed staff to build the EmX Franklin Corridor, plan and build the EmX Pioneer Parkway Corridor, and plan for a third corridor but defer construction beyond 2011.
- Existing bus fleet would be replaced on a design life schedule.
- Improvements to guest services with facilities, equipment, and technology would continue.
- Productivity and efficiency improvements with allocations to technology and equipment would continue.

As shown in graph and pie charts, EmX capital projects were compared with other capital projects. Significant capital projects in the "other" category included the Springfield Station, RideSource facility, and revenue vehicles. EmX projects included corridor planning,

construction, and vehicles for the Franklin and Pioneer Parkway Corridors, and miscellaneous technology projects.

Using a pie chart, Mr. Pangborn showed that funding for capital projects over the eight-year period included federal 5307 formula funds, at \$32 million; federal 5309 discretionary funds, at \$15.8 million; local cash reserves, at \$20 million; other grant funding, at \$8.3 million; funds not yet secured, at \$30 million, and other funding, at \$936,000.

Mr. Pangborn referred the Committee to page 45 of the budget notebook for a breakdown of funding sources for capital projects. For almost all of the capital budget, federal match is 80 percent and local match is 20 percent. There are a few exceptions where the federal match is 90 percent and the local match is 10 percent. With competition for BRT-type funds, districts in the U.S. were "overmatching" by providing more local match as an incentive to receive funding. For example, TriMet in Portland was matching federal funds at 50/50. The EmX Pioneer Parkway Corridor funding was budgeted at 60 percent federal, 20 percent LTD, and 20 percent other sources.

Mr. Kortge asked if money was designated on a bid process. Mr. Pangborn said that the Federal Transit Administration (FTA) uses a formula to rate each program as either highly recommended, recommended, or not recommended. If a program is rated highly recommended or recommended, a higher local match makes the program more attractive for funding.

Uncertainties for the CIP included funding for the EmX Pioneer Parkway Corridor and EmX Franklin Corridor vehicles. Current Congressional legislation included a \$4 million allocation for the purchase of five EmX vehicles. Debt financing was an alternative for the purchase of those vehicles.

In response to a question from Ms. Lauritsen, Mr. Pangborn stated that vehicles would be assembled beginning September 2005.

Mr. Collins asked for a history of capital improvements for previous years. Mr. Pangborn stated that total expenditures for EmX projects were \$1.2 million for FY 2001-2002 and \$2.7 million for FY 2002-2003; estimated totals for FY 2003-2004 were \$4 million. Total expenditures for all other capital projects were \$5 million for FY 2001-2002 and \$10 million for FY 2002-2003; estimated totals for FY 2003-2004 were \$15 million. During the last four-year period, LTD purchased 18 Gillig buses and 5 New Flyer articulated buses, built the Springfield Station, and expanded the Fleet Services facility.

Ms. Lynch stated that the total amount of discretionary funds received over the life of the current bill, federal FY 1999 through FY 2004, was \$20.55 million, which included funding for the EmX Franklin Corridor.

LTD buses on average last 15-18 years, although the usual life expectancy is 12 years. Facilities are programmed and planned for 20 years, but good maintenance has extended the life expectancy beyond that.

Mr. Pangborn added that after the last census, LTD moved into a new category for populations over 200,000. This move entitled LTD to an increase in federal formula funding.

Capital Projects Fund Proposed Budget. The budget proposal for the Capital Projects Fund showed \$28,531,200 in total resources and requirements. Mr. Pangborn noted that if any capital expenditures were to begin or become obligated in this next fiscal year, the project total needed to be obligated in that first year even if the project took more than one year to complete. In response to a question from Mr. Kleger, Mr. Pangborn stated that subsequent years would show the remainder needed for the project.

In response to a question from Mr. Collins, Ms. Hellekson stated that the proceeds from bond sales referred to the anticipation of debt financing for buses in FY 2002-2003. Instead, buses were funded by federal formula funds, and debt financing was deferred.

The Fund Balance Reserves in the Capital Projects Fund showed \$7.8 million for a beginning balance, decreasing by \$6.4 million for the period, for an ending balance of \$1.3 million. Ms. Hellekson stated that the Fund Balance dropped down because of the appropriation. The fund is appropriated but not necessarily spent all in one year. Funds are appropriated to show that the local match can be met.

Ms. Hellekson stated that LTD has an outstanding credit rating, which affords the following benefits:

- Good reputation in the community
- Vendor discounts of \$30,000-40,000 a year for prompt payment
- Prevention of liquidity or credit issues on credit reports that would trigger an audit
- Good standing for debt financing
- New Starts/Small Starts program acceptance

Mr. Gant asked for an update regarding the EmX vehicles. Mr. Pangborn said that \$5 million has been allocated for vehicles. LTD, in partnership with Cleveland, was currently negotiating for five New Flyer vehicles at a cost of \$900,000 per vehicle. Cleveland needs 20 vehicles with doors on the left side. Although a contract had not been signed yet, Mr. Pangborn was confident that one would be signed soon. An alternative option would be to piggyback onto a contract with Seattle for the purchase of five articulated buses. Those vehicles, however, would need to be retrofitted to add doors on the left side. Once retrofitted, the vehicles are no longer under warranty by the manufacturer, but LTD might be able to find secondary insurance.

Mr. Gant asked if a date was set for EmX Franklin Corridor groundbreaking. Mr. Pangborn stated that EWEB should start placing utilities underground in June 2004. Work would begin in Springfield in order to complete that portion before the station opened in September 2004. The bulk of construction would occur during the summer of 2005.

Mr. Gant was concerned that the vehicles would not be ready when the corridor was completed. He also expressed concern that the current system design did not allow for using buses with doors only on the right side should an emergency situation arise. Mr. Pangborn stated that plans were being developed for temporary platforms in case of an emergency, or buses could run in regular service. To design the system differently might require the need to obtain more property.

Mr. Pangborn stated that there would be five stations between Interstate 5 and downtown Eugene, and three stations in Glenwood. Not all would be two-sided.

Mr. Kleger noted that the portion of the EmX Franklin Corridor on Franklin Boulevard was designed around the trees. To remove trees in Eugene would require approval by public vote, which would be costly for LTD. He also noted that the transportation industry has been designing doors on both sides of rail vehicles for years.

Mr. Gant was dismayed that there was no previous decision on whether to build the EmX project to design or cost. He believed that the community was being deceived, and LTD had over-estimated community support for the project. He believed that constituents in his district barely tolerate transit.

Ms. Ban stated that BRT is an adopted strategy in TransPlan, the transportation policy for the Eugene/Springfield area. She was less concerned with the image of the vehicle and more concerned about reducing congestion.

Mr. Kortge reminded the Committee that the objective of the meeting was to vote on the budget.

In regard to future station needs, Ms. Ban asked if staff had considered land banking. Mr. Pangborn stated that an allocation for land banking was removed from the Capital Improvements Program; however, Mr. Hamm added that LTD invested in land at the new RideSource facility for a future satellite facility. Ms. Hellekson stated that the land would be partitioned into two sections--3 acres to be used now for the RideSource facility and 5 acres, which were purchased with local funds, for future development. Mr. Viggiano added that if an opportunity arose to purchase land that could be useful to the District, a proposal would go to the Board for approval.

Mr. Huber stated that as a citizen member, he has tolerated transit in the past. However, he was excited about bus rapid transit. Convenience was his main issue.

Mr. Kleger stated that LTD is mandated by the state and federal governments to reduce the use of single-occupant vehicles. As the area's population grows, congestion and air pollution worsen.

Mr. Gant stated that he would vote against approval of the budget this year as a protest against BRT, which he considered to be a very risky path.

Ms. Hellekson stated that the transfers to capital, including the one in the proposed budget, were only to match the formula funds LTD expects to receive. It was not to cache additional funds for earmarks in the future.

Ms. Hellekson ended the presentation by referring the Committee to page 9 in the budget notebook for a chart of the FY 2004-2005 proposed budget.

She thanked Finance staff members Carol James, Todd Lipkin, and Chris Thrasher for their help putting together the budget notebook and presentation. She also noted that other

staff members--Kelly Perron, Shawn Bird, and other Finance staff--helped with production and distribution.

COMMITTEE DISCUSSION: Ms. Hellekson asked the Committee to consider the following questions:

- Have resource allocations been balanced appropriately between present service needs and future needs?
- Is the Personnel Services expenditure growth control target appropriate and realistic?
- Are resources allocated in accordance with LTD's priorities and mission?
- Is the plan prudent?
- Can we improve the budget development and presentation process in the future to better meet Committee members' needs and expectations?

Mr. Williams, as a small business owner, asked the Board to take into consideration the impact on small businesses when considering an increase of the payroll tax.

Mr. Collins did not realize that LTD did so much for the community. He believed that business owners in the community were concerned about the expense of BRT, and that community credibility is important in the budget.

Ms. Hocken stated that the Board is moving ahead with the vision for the future and at the same time is trying to control costs. A year ago, the Board chose to purchase lower-cost EmX vehicles over higher-priced, sleek-looking, Phileas vehicles. She believed that the Board has been responsible in looking at the fiscal situation when making decisions. Her main concern was containing the Personnel Services expenditure growth.

Ms. Lauritsen had the same concerns as Mr. Gant. Bus rapid transit today is not what it was when it was first proposed at \$8 million for an 11-mile corridor. She thought that \$900,000 for a vehicle was too expensive, especially for a vehicle that had never been tested.

Mr. Brink stated that although he supported purchasing the Phileas vehicles last year because he believed that BRT needed to have a different look, he currently was optimistic that the vehicle would be that important in the overall transportation system. He believed that resource allocations had been balanced appropriately between present service needs and future needs. He also believed it would be difficult to keep Personnel Services expenditure growth to 4 percent. He stated that every year the presentation process is outstanding. He believed that the plan was prudent.

Ms. Guard stated that she was confused at this point. Although she understood it was mandated by the government that citizens comprise half of the Budget Committee, she questioned their role.

Ms. Sicotte stated that last year she did not support purchase of the Phileas vehicle because it was too expensive. She supported BRT but questioned its feasibility if vehicles did not travel in dedicated lanes in Springfield. She also believed that controlling Personnel Services expenditure growth would be a challenge.

Mr. Gaydos believed that BRT was a progression and would improve the fixed-route system. It involved looking at a lot of tools that did not exist before. Although it is a leap forward, it still would allow LTD to provide excellent service. There will always be issues along the way. He believed that resource allocations have been balanced appropriately between present service needs and future needs. He agreed with others that the Personnel Services expenditure growth would be a challenge to control.

Ms. Hellekson distributed copies of a proposed motion to approve the budget for FY 2004-2005, which gave a summary breakdown of the General Fund (operating and non-operating budgets), Commuter Solutions Fund, Accessible Services Fund, and Capital Projects Fund.

**MOTION
VOTE**

Ms. Hocken moved, seconded by Mr. Gaydos, that the Budget Committee of Lane Transit District approve the proposed budget for the Fiscal Year 2004-2005 in the total combined fund sum of \$66,266,570 as presented and forward it to the LTD Board of Directors for adoption.

The motion was approved as follows:

AYES: Ban, Brink, Collins, Gaydos, Guard, Hocken, Huber, Kleger, Kortge, Sicotte,
Williams

NAYS: Gant, Lauritsen

EXCUSED: Wylie

Mr. Gant thanked Mr. Kortge for an excellent job of chairing the meetings, at which the Committee and staff applauded.

ADJOURNMENT: There was no further discussion, and the meeting adjourned at 8:18 p.m.


Committee Secretary