

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

JUNE 6, 1978

Pursuant to public notice to the Register Guard on May 30, 1978, an adjourned meeting of the budget committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on June 6, 1978, at 7:30 p.m.

Present:

Board Members

Richard A. Booth, Secretary
Jack J. Craig
Daniel M. Herbert, President
Kenneth Kohnen, Vice President
Ted J. Langton, Treasurer
Carolyn Roemer, Budget Secretary

Appointed Members

George Baker
Paul Bonney
Tom Denning
James Hengstler
Mary Lou McCarthy
Shirley Minor
Robert Moulton, Chairman, presiding

Fred C. Dyer, General Manager
Phyllis Loobey, Budget Officer
Mavis Skipworth, Recording Secretary

News media representative:

Marvin Tims, Register Guard

Absent:

Glenn E. Randall

MOTION
VOTE

MINUTES: Minutes of the May 30, 1978 budget committee meeting were unanimously approved as distributed.

PRESENTATION OF 1978-79 BUDGET PROPOSAL: Ms. Loobey presented a revised line item base budget incorporating those changes directed by the budget committee at the May 30 meeting: non-contractual employees' salaries frozen at the base rates of June 30, 1978 with proposed increases lumped into one figure of \$77,032 and entered as Salary Plan Adjustments; and an amount of \$35,146 included in Personal Services for tentatively approved positions of Personnel Administrator, Purchasing Agent and Transit Development Specialist.

BUDGET COMMITTEE DISCUSSION: Mr. Herbert said, for purpose of clarification, he understood that allocation of the amount set aside for Salary Plan Adjustments would occur about September following completion of the study by Cascade Employers Association; that if the new personnel positions were filled prior to that time, those positions would be subject to the adjustment, and that salary adjustments would be made retroactive to the beginning of the fiscal year. He noted that if they were not made retroactive, the salaries would be raised still higher for the balance of the year which would be a misleading level. He asked that staff confer with the district's legal counsel and the auditor to determine if there should be any stipulations or restrictions placed on those two line items in the budget resolution, and that an appropriate resolution form be prepared.

Mr. Langton read a prepared testimony, stating that each person on the board and budget committee has a dual responsibility, neither of which should take precedence over the other; that the first responsibility is to the constituents or taxpayers supporting the system, and the second to the mass transit needs of the community. He said, in his opinion, the response to date has been to the so-called mass transit needs of the community and not to the supporters or payers for the system; that it all boils down to fiscal responsibility. He said the district should fully evaluate present routes, frequency and so forth, and relate costs of route operation to fare income, ridership, etc., and in this way, should be able to reduce, adjust, or change so that the total operations will serve an optimum number of people, with the buses used in an optimum manner, in order to get a good, acceptable cost versus income ratio. He further commented that the district should eliminate the spectre of the "empty bus" running around; that there is a very adequate inventory of physical equipment to more than completely serve the present needs; that it is merely a matter of adjustment and retrenching in order to give the best possible coverage and attempt to keep facilities and service more in balance with demand and need. He added that he did not believe the staff should be expanded.

Mr. Denning said the wages paid by the district could not be justified as he had been unable to find that level of pay for comparable jobs in the area.

Mr. Baker asked for clarification on the amount of increase included in the budget for wages and benefits, and how much was contractual and how much non-contractual, and wondered if a significant amount could be saved through holding down salaried positions. Mr. Booth said the basic issue is that the overall projected budget increase is horrendous and the greatest part is in personal services, and he does not feel an increase in personnel is warranted. Mr. Langton said he did not believe the salary increases were excessive, but that the base salaries were too high and additional personnel should not be added. Mr. Booth added that he felt that driver wages should be held down, and according to the incremental formula received by the board, the higher paid staff was being sacrificed for the benefit of the bus drivers; that they should get more for themselves and find other areas to cut back, holding the overall costs down.

Mr. Herbert reminded that the amount listed in the current budget is a summation of increases throughout the year which would equal out to mid-year pay, and the proposed base budget was prepared on frozen salary level at the end of this fiscal year, which is higher than the average of the full current year and thus would indicate an increase in the new budget.

Ms. McCarthy commented that the committee was discussing things that had already been covered, as well as some things already approved; that the issues had been covered step by step, the staff had provided everything requested, and she believed the committee should be ready to make a decision.

Mr. Booth said the committee would be irresponsible to consider a 23.6% increase, stating that he has had more phone calls as a result of this year's budget deliberation than at any time in his tenure on the board, and people say the district is trying to spend more money than is prudent.

Mr. Herbert asked Mr. Booth to give specific suggestions for decreasing the budget, and did Mr. Booth believe the additional marketing provided in the budget should be eliminated. Mr. Booth replied that when he has tried in the past to bring up specifics, they have been rejected, and that the

board and budget committee must be responsible to the community and the people paying the bill. He said a 6% increase in the operating budget would be desirable but he believed the chamber would support up to a 10% increase. He suggested that \$500,000 of the amount being carried over in capital reserve could be used to reduce the payroll tax.

Mr. Moulton observed that although the staff was directed to prepare a base budget projecting the same figures of salary increase from the current year, the committee gave that direction without knowing of the percentage of increase or its validity in determining what salaries should be for the coming fiscal year, and that increase was not necessarily appropriate. He spoke of the difficulty in computing a percentage increase when there are now eight more salaried employees than at the beginning of the current year. He said the committee should determine what kind of increase is justified for next year, assuming a certain level at the end of this year. He pointed out that the 23% discussed was not an accurate figure, that perhaps 18% would be closer, but that this was also too high. He said the district has suffered compression and agreed with Mr. Booth that the contractual wages were too high and the non-contract personnel has suffered in relation to that.

Mr. Moulton said he disagreed that the capital reserve funds should be lowered; that it is prudent to try to upgrade and get newer equipment.

The chairman called for a ten minute recess.

The budget committee meeting reconvened.

PUBLIC PARTICIPATION: Clark Cox, 1085 Patterson Street, suggested the district use the buses from Routes 4 and 6 for a Valley River Center extra and University of Oregon/South Hills direct route.

Steven Barr, president of Industrial Finishes, spoke of the plight of businesses because of taxation, and particularly of 36 industrial houses that he had surveyed, and that they could not afford more taxation. He said that rejection of the income tax indicated that people do not want transit if they have to pay for it, and his constitutional rights were being violated by taxation without representation. He pointed out that the district's advertising budget was twice that of his company and the parts employees made higher wages than any others in the city. He appealed to the committee to listen to the people.

Dick Jones, 45 Sunset Drive, said he wished to see action on the testimony given, that the district should reevaluate efficiency and productivity, and attempt to improve service within a 6% increase. He said a measurement should be set of 30% in farebox revenue.

John Auld, 573 Sterling Court, said he was disturbed that possibly some of the committee members did not know their charge in instructing the staff. He said there were distortions in the budget, and asked that the committee question the increase in benefits, the need and demand for service, who gets free and reduced fares and if it is a welfare situation.

Annabel Kitzhaber, 1892 West 34th, observed that there are members of the public who support the budget and she believed a growing transit district is a criteria for a good place to live. She predicted there would be an increasing need

for transit and the district should plan on increasing services. She said she believed transit to be a public service and would have been happy if some of the revenue could come from an income tax, but she regretted that the tax measure did not receive stronger support from the business community. She expressed support for the proposed budget.

Mr. Booth suggested the committee acknowledge written testimony of Mr. Emerson Hamilton, dated June 6, 1978, and distributed to each member. Upon motion by Mr. Herbert, duly seconded, the committee voted unanimously to include the following testimony by Mr. Hamilton in the minutes:

MOTION
VOPE

"My name is Emerson Hamilton, and I live at 2159 Escalante, Eugene. I am the President of the Eugene Area Chamber of Commerce and am speaking for the Eugene Chamber tonight. During this past week I received a number of telephone calls and personal communications from members of the business community and citizens at large indicating that they strongly support the stand taken by the Eugene Area Chamber of Commerce on the proposed Lane Transit District Budget. I know from conversations with several LTD Board members that a lack of credibility with the business community is a concern of the transit district. In our opinion a positive step in establishing this credibility would be a positive demonstration of fiscal responsibility. This can be accomplished by a reduction of the budget as we suggested in our testimony of last week.

We have had the opportunity to read the June 6th memo from the staff to the LTD Budget Committee regarding our testimony last week. If the staff feels that the business community will be satisfied with a rebuttle memo they are incorrect. We were advised by the chairman of the LTD Board following our testimony that no expansion of services are included in the budget. It is difficult for business people to understand how costs can increase so dramatically with no increase in service.

I have not had the opportunity to study the rebuttle memo in depth at this time, but I feel certain comments are in order.

1. We still feel that the original points we raised are valid and the memo does not adequately answer them.
2. The actual 1978 budget shows 17.5% of the income as fare box revenue. The proposed budget indicates that 16.1% of the income is fare box revenues. This figure has been steadily declining in the past and as near as we can tell is projected to continue to decline in the future.
3. We believe that a 23% budget increase is definitely inflationary. Although the staff indication is that the proposed 1978-79 budget is 20.6% higher than the 1977-78 budget, the actual increase in projected expenditures is 22.9%.
4. Our suggestion of 30% of total revenues by fare box revenues is both realistic and attainable. We wish to clarify our intention by pointing out that this does not include capital expenditures. By setting such a goal, the Transit District staff has a means of demonstrating their productivity and capabilities and the Board has an opportunity to demonstrate management efficiencies.
5. We are concerned about the special salary adjustment account in the amount of \$112,178 which has been established to adjust staff salaries. Our concern is that this is in effect handing the staff a blank check to increase their own salaries.

6. The fringe benefit package that accompanies the salary adjustment account is \$34,600 or 30.8% of the payroll. The total fringe package of 33.4% of the proposed salary budget seems to be high by private standards.
7. We recognize that the .006% statutory limitation can only be increased by the State Legislature, and would like to know if the comment on page 3 of the staff memo is a guarantee that an increase in the limitation will not be proposed in the 1979 session of the legislature.

We want to assure you that we are concerned that the Lane Transit District is fiscally responsible and trust that the budget committee will demonstrate this by positively responding to our requests."

The chairman then invited further public comment and there being no response, he declared the public participation closed.

MOTION BUDGET COMMITTEE DELIBERATION: Mr. Craig moved that the budget committee approve recommendation of the budget as presented, and Mr. Baker seconded the motion.

Mr. Booth said he would vote against the motion as the budget was excessive and no consideration had been given to the points brought from the Eugene Area Chamber of Commerce. Mr. Kohnen said he was not prepared at this time to vote on the motion and would like to have the amount of the new personnel positions separated from the Personal Services section of the budget to learn what the percentage of increase would be on present positions as well as the new positions. Mr. Herbert asked that those figures include an indication that they represent wages being paid at the end of the fiscal year rather than the yearly average.

WITHDRAWN Mr. Craig withdrew his motion, and Mr. Baker withdrew the second.

Mr. Langton requested more detailed information on increases in the benefit category, and on the proposed self-insurance program.

MOTION Mr. Booth moved that the staff be directed to prepare a proposed budget that has an overall increase of 6% in operating expense, and 17% this year to 18% next year in farebox support of operation expenses. Mr. Langton seconded the motion.

SUBSTITUTE MOTION Mr. Craig submitted a substitute motion to consider the present budget with the supporting figures requested and to make a decision on the budget at the next meeting. Mr. Baker seconded the motion. Mr. Kohnen and Mr. Herbert said they could not support the substitute motion as it lacked clarification. The motion failed, with favorable vote by Baker, Bonney and Craig, and opposed by Booth, Denning, Hengstler, Herbert, Kohnen, Langton, McCarthy, Minor, Moulton and Roemer.

VOTE Mr. Herbert expressed the opinion that Mr. Booth's motion was not practical, as a portion of the budget increase was for advertising and marketing research to increase the effectiveness of the system, and to eliminate that along with many repair and support functions would mean dismantling the system; that the net result would be a loss in ridership and farebox revenue, and a decrease in reliability and level of service.

Mr. Langton spoke in favor of the motion, stating that he was interested in totals and not specific line items.

SUBSTITUTE
MOTION #2

Mr. Kohnen presented a substitute motion to direct staff to bring the same budget to the next meeting with a supplemental schedule showing the effect of deleting all new positions included in the budget, and a supplemental schedule be provided showing the amount of budget cuts needed to reduce the budget to a 6% increase of this year's operating budget. Mr. Langton seconded the motion. Mr. Kohnen clarified his motion, stating that he was not requesting that the supplemental schedules be itemized, but to include category totals.

VOTE

The motion carried with favorable vote by Bonney, Craig, Herbert, Kohnen, Langton, McCarthy, Minor, Moulton, and Roemer; opposed by Baker, Booth, Denning, and Hengstler.

MOTION

VOTE

ADJOURNMENT: Upon motion duly seconded, the budget committee voted to adjourn the meeting to June 15, 1978, at 7:30 p.m. in the Eugene City Hall. Voting affirmatively were Baker, Bonney, Booth, Craig, Denning, Hengstler, Herbert, Kohnen, Langton, McCarthy, Moulton and Roemer. Opposed was Minor.


Secretary