

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

JUNE 15, 1978

Pursuant to public notice to the Register Guard on June 6, 1978, an adjourned meeting of the budget committee of the Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on June 15, 1978, at 7:30 p.m.

Present:

Board Members

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

Appointed Members

George Baker  
Paul Bonney  
Tom Denning  
James Hengstler  
Mary Lou McCarthy  
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:

Shirley Minor

Ms. Roemer opened the meeting as temporary chairman.

MOTION  
VOTE

MINUTES: Minutes of the June 6, 1978 budget committee meeting were unanimously approved as distributed.

PRESENTATION OF 1978-79 BUDGET PROPOSAL: Ms. Loobey distributed copies of a letter from the district's legal counsel responding to the budget officer's question as to whether it was proper to include in the budget a lump sum item for future salary adjustments. Mr. Bryson advised that lump sum items are not in accordance with the local budget law and particularly ORS 294.351(4)(a); that salary adjustment plan funds should be allocated to the employees and submitted with the budget material to the budget committee. He said this would not preclude future changes in the budget by the board of directors. Ms. Loobey then submitted to each committee member a salary schedule of distributed salary adjustments for all salaried positions.

Ms. Loobey described three supplemental schedules included with the base budget in accordance with committee instructions on June 6. These indicated 1) current salaried positions projected at June 30, 1978 levels, 2) projected expenditures for requested additional personnel, and 3) an alternative budget proposal trimmed to a 6% increase over current fiscal year, which Ms. Loobey said could be accomplished by service cuts in such areas as Dial-A-Bus, evening and non-urban service. She explained that any service cuts could not be implemented by July 1, 1978. She also presented a detailed explanation of the basis for fringe benefit projections.

MOTION  
VOTE

Mr. Baker moved that the committee have public discussion prior to committee discussion and deliberation. Mr. Langton seconded the motion and it carried unanimously.

PUBLIC HEARING: Emerson Hamilton of 2159 Escalante, Eugene, said he was speaking as president of the Eugene Area Chamber of Commerce. He disagreed with the staff term "service cuts" as a means of limiting the proposed budget to a 6% increase over current fiscal year. He reiterated the chamber's support for the mass transit concept but said he differed with the board in areas of funding, management procedures, and fiscal responsibility; that the chamber says to slow down, stop, enough is enough, and if fiscal constraints are not addressed, one alternative is to take away the district's money, as this is precisely how the taxpayers feel they have been pressed. He suggested 1) to scale down the programs to hold the line at 6% which should not necessarily mean a cutback but could be reached through increased efficiencies. Areas that should be considered included subcontracting maintenance, increasing versatility of staff by developing combination driver-mechanics, and an independent management efficiency study; 2) set goals to measure performance; that establishment of 30% farebox revenues is attainable; 3) keep payroll costs and fringes in line with local rates. No payroll increases should be granted until the independent study is completed and the results publicly analyzed; 4) cut back off-peak service and low ridership routes and revise routes and schedules to meet demonstrated needs; 5) subcontract to private enterprise those services that can be performed more economically than with district staff. He closed with the statement that the Chamber's message is "too many expenditures and too much tax."

Bob Horn, 2320 West 29th, said as vice president of Willamette Industrial Distributors Association (WIDA) he supported the Chamber and, representing 36 business concerns in this area, WIDA supports Mr. Hamilton's proposals.

Gib Kingsbury, 130 East 49th, said he manages a business but was speaking as a tired taxpayer, that taxpayers across the nation are revolting against taxes and feel federal funding is beyond where it should be. He supported Mr. Hamilton's suggestion of a 6% limitation.

Richard Hansen of 2744 Tomahawk Lane spoke as manager of Valley River Center, stating that this area is one of the most served by mass transit, but urging the district to be concerned about the spiraling increase in costs and to use restraint in budgeting. He said an increase in the payroll tax would be more than could be handled by the business community, and he believed that through operating efficiency the budget could be held to a 6% increase.

Ms. Roemer asked for further comments from the public and there were none. She closed the public hearing.

COMMITTEE DISCUSSION AND DELIBERATION: Mr. Langton said, after receiving clarification on some aspects of the budget, that he calculated the budget increase to 20.7% which he did not feel was acceptable, and the use of the words "service cuts" was a poor choice. Ms. Roemer asked what the percentage of increase would be if additional personnel was subtracted and Mr. Kohnen said it would be 17.2%.

MOTION

Mr. Craig moved adoption of the budget as presented in the total amount of \$7,633,086. Mr. Randall seconded the motion.

SUB-  
MOTION

Mr. Langton said he did not see how the committee could support the motion as it appeared to ride roughshod over the people who had testified. Mr. Langton moved to close discussion.

SUB-  
MOTION  
WITHDRAWN

Mr. Booth expressed the opinion that the motion should not be discussed but should be voted upon and defeated. Mr. Kohnen said he believed the original motion should be discussed as this was the opportunity for members to change any items they deemed advisable. Mr. Langton withdrew his motion.

Mr. Moulton entered the meeting and assumed the chair.

Mr. Baker noted that if the budget were limited to a 6% increase it was inherent in the proposal for a payroll rate reduction. Mr. Herbert replied that if such a reduction were made, at least some of it would be due to what any reasonable person would have to call service cuts and the effect of some service cuts would reduce patronage which would also mean a reduction in fares. Mr. Booth said he did not think it was valid that service cuts would be necessary, and Mr. Baker asked him from what other areas cost reduction could come.

AMEND #1  
MOTION

Mr. Kohnen moved that Mr. Craig's motion be amended to include the following reductions: 1) that line item Dues, Subscriptions, Membership be reduced from \$7,896 to \$3,250; 2) that line item Board Expense be reduced from \$3,200 to \$600; 3) that Personal Services be reduced to eliminate all new positions with the exception of two partshelpers, from \$130,528 to \$28,176 and additional Benefits reduced from \$34,600 to \$7,460; 4) that line item Contingency be reduced from \$70,675 to \$63,886; the sum of all reductions being \$143,518; 5) under Resources, that the Payroll Tax be reduced from \$3,875,000 to \$3,731,482. Mr. Herbert seconded the motion.

Mr. Herbert said he would support the motion as it was consistent with the testimony heard. He commented that in the past two years the committee has listened to public testimony and offered amendments, and it cannot be said that the committee does not listen. He said he believed the proposed reductions were in areas least likely to hurt the present level of service, and agreed that the present maintenance system should be reviewed. He said everyone should understand that each line item under Personal Services for salaried positions is tentative until completion of the Cascade Employers Association study and the amount for contract employees is subject to completion of contract negotiations; that both salaried and union figures would be subject to further board action. He said it is possible that following completion of the CEA study, salary adjustments may not require the full amount and the board could look at the options. He said while he believed all of the additional personnel positions were needed, this would be a legitimate response by the budget committee and board to the testimony heard, and the payroll tax should possibly be reduced.

Mr. Craig stated it was unfair to say that full testimony had been heard as, in the past, many citizens have come to the budget hearing, and this has been only a part. He suggested the public should be made aware of the importance of their testimony.

Mr. Craig stressed the importance of including funds for a personnel director, stating that the district is a labor intensive industry and a cost saving could be realized with this type of person working with management. He said it was folly to talk of reducing the payroll tax at this time.

Mr. Craig asked that the deletion of a personnel director be removed from the amendment and that the committee avoid tampering with the payroll tax.

Mr. Bonney recalled that at the last year's budget deliberations it was tentatively agreed to increase the payroll tax to .0057 but was reversed because of public input.

Mr. Booth said that rather than a personnel director, a bus company needs a contract interpreter.

SUB-  
MOTION  
TO  
AMEND #1  
& VOTE

Mr. Randall moved that each section of the motion be discussed separately and voted upon. The motion was seconded by Mr. Craig and carried with favorable vote by Baker, Bonney, Craig, Herbert, Kohnen, Langton, McCarthy, Randall, and opposed by Booth, Denning, Hengstler, Moulton and Roemer.

VOTE  
PART 1)

Discussion followed on Part 1) Dues, Subscriptions, Members. Mr. Kohnen explained this item was a proposal to join into an Oregon Transit Association. Mr. Craig moved approval of reducing that line item from \$7,896 to \$3,250 and the motion was seconded and carried with favorable vote by Baker, Bonney, Craig, Denning, Herbert, Hengstler, Kohnen, Langton, McCarthy, Moulton, Randall and Roemer, and opposed by Booth.

In discussion of Part 2) Board Expense, Mr. Booth said he would vote against all of the motion as he believed the entire motion did not really listen to the testimony given; that it was a poor motion, a poor budget and he would vote against it.

VOTE  
PART 2)

Mr. Randall voiced concern that the board was ignorant of what goes on in the transit world and said he believed it would be of benefit to the board to attend conferences and study transit systems in other areas, alternative methods of operating, preventive maintenance, etc. Mr. Herbert explained that the amount included in the budget was intended to provide expense money for travel to Edmonton as that city resembles what is being directed for this area in the year 2000 in intensity of transit use. Mr. Craig said he supported Mr. Randall as it would be beneficial. Mr. Kohnen agreed but said, in choosing, he would prefer this to cuts in service. The question was put on reducing Board Expense from \$3,200 to \$600 and carried with favorable vote by Baker, Bonney, Denning, Hengstler, Herbert, Kohnen, Langton, McCarthy, Moulton and Roemer, and opposed by Booth, Craig and Randall.

Discussion followed on reducing additional personnel from \$130,528 to \$28,176 and additional Benefits from \$34,000 to \$7,460. Mr. Craig asked Mr. Dyer if this reduction would cause a hardship and Mr. Dyer responded that it would have an impact on efficiency and effectiveness in administration and operation but the current staff would do its best.

SUB MOTION #2 Mr. Craig moved to restore the position of Personnel Director and Mr. TO AMEND #1 Randall seconded the motion, which failed. Voting in favor were Bonney, Booth, & VOTE Craig, McCarthy and Randall, and opposed were Baker, Denning, Herbert, Kohnen, Hengstler, Langton, Moulton and Roemer.

SUB MOTION #3 Mr. Baker said he was impressed with the discussion of the work that a  
TO AMEND #1 proposed Transit Development Specialist would do, and believed it could improve  
VOTE services of the transit system. He moved to restore the position of Transit  
Development Specialist and Mr. Craig seconded the motion. Mr. Kohnen agreed  
the position was important but said this was one way to hold the line. Mr.  
Moulton said he would vote against the motion but the board could, following  
completion of the study, change the scope of functions of present personnel  
rather than create new positions. The motion failed with favorable vote by  
Baker, Booth, Craig, Hengstler, and opposed by Bonney, Denning, Herbert, Kohnen,  
Langton, McCarthy, Moulton, Randall and Roemer.

VOTE The question was put on Part 3) of reducing additional personnel from  
PART 3) \$130,528 to \$28,176 and additional Benefits from \$34,600 to \$7,640, and the  
motion carried. Voting in favor were Baker, Bonney, Denning, Herbert,  
Hengstler, Kohnen, Langton, McCarthy, Moulton and Roemer, with Booth, Craig  
and Randall dissenting.

VOTE The vote was cast on Part 4) to reduce Contingency line item from \$70,675  
PART 4) to \$63,886 and carried with favorable vote by Baker, Bonney, Craig, Denning,  
Herbert, Hengstler, Kohnen, Langton, McCarthy, Moulton, Randall and Roemer,  
and opposed by Booth.

VOTE The committee then discussed Part 5) to reduce Resources on the Payroll  
PART 5) Tax line item from \$3,875,000 to \$3,731,482. Mr. Kohnen indicated that if the  
board took action to lower the tax rate from .0054 to .0050 it would reduce  
the payroll tax \$287,036 but as the reduction could not become effective until  
January 1, 1979, it would amount to only \$143,518 within the fiscal year.  
Mr. Craig said he believed it was premature to consider reducing the payroll  
tax until the contract negotiations are completed. Mr. Moulton commented that  
he would favor reducing the budget still more but he also was concerned about  
negotiations. He said there should be enough in this budget to take care of  
any unforeseen problems including collective bargaining and he believed the  
board would make every effort to keep the settlement reasonable; that this modest  
reduction was in the spirit of what the committee was asked to do and he would  
vote in favor. The question was put and Part 5) was passed with favorable vote  
by Booth, Bonney, Denning, Herbert, Hengstler, Kohnen, Langton, McCarthy, Moulton,  
Roemer, and opposed by Baker, Craig and Randall.

There was then discussion on the main motion as amended. Mr. Booth said  
he thought the budget increase was still excessive and the committee had not  
addressed the item of salary disparity in partskeepers and clerical positions  
in the community, or the inefficiencies inherent in the system in the last few  
years.

Mr. Kohnen compared the total of personal services included in his motion  
with the projected total of a full year computed at the June 30, 1978 level  
and noted that this would amount to approximately a 5½% increase.

Mr. Craig said he was not happy with the cuts made in the budget but would  
support it in the spirit of unanimity; that he felt the members of the committee  
had been stampeded and overreacted to testimony, and he believed overall efficiency  
would be lost. Mr. Booth objected to calling this cutting, as he believed it  
was a huge increase. Mr. Baker suggested that if Mr. Booth was unhappy with  
the level of the budget, the committee would like to discuss his ideas on the  
items to reduce and should receive specifics to accept or reject. In further

discussion of the amount of budget increase, Mr. Dyer explained that in annualizing the level of services, there is invalidity in computing a percentage increase from the current total budget to the proposed 1978-79 budget; that, in the current year, the cost of operating the system was lowest at the beginning of the fiscal year, increasing throughout the year to the highest level at the end of the fiscal year rather than an average of the full year, and comparison should be made with what was happening at the end rather than the middle of the year.

SUB-  
MOTION  
& VOTE

It was moved and seconded to close discussion on the main motion as amended, and carried with unanimous approval.

VOTE ON  
MAIN  
MOTION  
AS  
AMENDED

The question was put on the main motion as amended and the committee voted favorably to approve the fiscal year 1978-79 budget in the total amount of \$7,490,288, including \$3,438,796 for personal services, \$1,007,187 for benefits, \$736,250 for materials and services, \$357,947 for contractual services, \$1,404,595 for capital outlay, \$63,886 for contingency, and \$481,627 for capital reserve fund; and with estimated resources of the same total amount of \$7,490,288. Voting approval of the motion were Baker, Bonney, Craig, Herbert, Kohnen, McCarthy, Moulton, and Roemer. Dissenting were Booth, Denning, Hengstler, Langton and Randall.

Mr. Craig commented on the testimony given, noting that it was orderly, effective and the committee had listened. He suggested that submitting testimony should become a year around activity.

MOTION  
VOTE

ADJOURNMENT: It was moved, seconded and unanimously approved to adjourn the meeting.

  
Secretary