

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

APRIL 24, 1979

Pursuant to public notice to the Register Guard and Springfield News on April 10, 1979, a meeting of the budget committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on April 24, 1979, at 7:30 p.m.

Present:

Board Members

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

Appointed Members

George Baker, Chairman, presiding
William Edom
Emerson Hamilton
James Hengstler
Mary Lou McCarthy, Secretary

Tim Dallas, General Manager pro tem
Phyllis Loobey, Budget Officer
Mavis Skipworth, Recording Secretary

News media representatives:

Marvin Tims, Register Guard
Tom Jackson, Springfield News

Absent:

Glenn E. Randall

Paul Bonney
Shirley Minor

MOTION
VOTE

MINUTES: Upon motion, duly seconded, the members of the budget committee unanimously approved the minutes of the April 10, 1979 meeting as distributed.

RESPONSE TO APRIL 10, 1979 DISCUSSION: Ms. Loobey reviewed the instructions given to staff at the last budget committee meeting to prepare 1) a schedule of the capital reserve fund with a projection of capital projects fiscal requirements during the 1979-81 period, 2) an expenditure projection indicating any substantial variations in the fiscal year 1978-79 budget, and 3) a synopsis of changes in job position indicated in the 1979-80 budget showing new positions and deletions. Ms. Loobey advised that in addition to the staff responses to those requests, a revised salary structure schedule was included in this meeting's agenda material reflecting the refinement of the 7% presidential wage and guidelines.

Michael Merrell, Accountant, gave a comprehensive explanation of the material presented in response to committee instructions. As background information, he described the purpose and procedure of acquiring Section 5 grants and reported on the current financial status. He presented a table forecasting for a three year period capital reserves and operating deficits assuming the use of Section 5 funds as capital assistance, indicating that the district cannot fund both current levels of operation and anticipated capital projects included in the Transit Development Program at present resource levels. Mr. Booth and Mr. Langton objected to the district carrying forward an operating deficit, stating they

believed the first priority for use of Section 5 funds should be as operating revenues rather than for capital acquisitions.

Ms. Loobey presented a table showing projected variances of resources and expenditures from the 1978-79 operating budget, and a summary estimating budgeted and appropriated expenditures. She advised that there may be overruns in Materials and Services and in Contractual Services above the amounts appropriated for the current year. She said additional costs have been incurred in collection of the payroll tax which are offset by almost \$200,000 of additional receipts from delinquent taxes. She noted that estimated expenditures in personal services would be less than budgeted, resulting from personnel management improvements made possible through increased staff, management techniques, labor saving provisions in the contract, and savings through the salaried administration plan. She said the staff has concern of the cost of living provision in the contract and the uncertainty of the Consumer Price Index remaining within the limits projected. She expressed further concern over the rate of increase for fuel possibly having a greater impact than currently projected.

Ms. Loobey submitted a comparison of the numbers of personnel by department for the current fiscal year and the proposed 1979-80 budget, indicating an increase of one service representative in the Marketing Division to provide support services in implementing the marketing effectiveness program in the TDP, and three drivers for Transportation to cover contract provisions and to reduce overtime costs.

She then submitted a revised salary structure schedule for non-contractual employees and reported that, with a 5.8% increase and additional benefit costs, the increase remained within the presidential wage and price guidelines of 7%. Mr. Dallas pointed out that the salary administration plan would continue in effect and salaried employees would be reclassified to appropriate steps, although the salaries would be frozen to only one step increase within the budgeted year. Mr. Booth commented that this seemed restrictive and limited any outstanding performance by an employee.

AUDIENCE PARTICIPATION: The chairman opened the meeting to public comment and there was no response.

BUDGET COMMITTEE DELIBERATIONS: Discussion followed on the potential maintenance expenses that could occur as a result of the special equipment mandated on new buses.

Mr. Langton said he objected to capital funds being carried forward while creating a deficit in operating funding. He said it seemed to be a matter of priority; whether to implement capital projects or to keep the system running. He suggested capital acquisitions could be limited to buses and spoke of the possibility of a decrease in the flow of federal funding.

Mr. Booth said he has noted a trend of overestimating each year in projecting operating budget needs.

Responding to question by Mr. Booth of determining fuel costs within the proposed budget, Ms. Loobey explained the procedure used in calculating the need and said there appeared to be about a 10% cost increase per quarter.

Mr. Herbert referred to Mr. Langton's concern that an operating deficit would be caused by using Section 5 funds for capital acquisitions. He said this indicated that if the system is to continue to operate and if the district is to acquire the capital items listed in the TDP, increased revenues would be required; otherwise, a cut would be necessary in capital acquisitions or in operating costs.

Mr. Herbert asked the staff to prepare an analysis of four ways of meeting the deficits projected: 1) by increasing revenues, and an indication of how much the payroll tax would have to be increased to accommodate those deficits; 2) how much increase in fares would be necessary to meet the deficit; 3) which items on the capital acquisition list could the district do without; and 4) how could the district reduce operating expenses. Mr. Booth asked the staff to also consider a combination of the four points.

Mr. Kohnen asked if the federal government were to provide more money under Section 3 than anticipated, would the amount of local match available be a limiting factor in taking advantage of any additional funds. He agreed that alternatives in the four areas suggested by Mr. Herbert should be considered and also possible combinations.

It was the consensus of the committee that staff be instructed to prepare the analysis for the next meeting.

Mr. Booth commented that this had been a very productive meeting and asked that, following a decision on how the budget should progress, the committee examine a line item budget.

Upon motion, duly seconded, the meeting was adjourned to May 8, 1979, 7:30 p.m. in the Eugene City Hall.

Mayhew McCarty
Secretary

ION
VOTE