

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

April 8, 1980

Pursuant to public notice to the Register Guard for publication on March 28, 1980, an adjourned meeting of the budget committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on April 8, 1980 at 7:30 p.m.

Present:

Board Members

Kenneth H. Kohnen, President
Ted J. Langton, Treasurer
Robert C. Loomis
Glenn E. Randall
Carolyn Roemer

Appointed Members

George Baker, Chairman, presiding
William Edom
Emerson Hamileron
Richard Hansen
Mary Lou McCarthy, Secretary
Ron Schmaedick

Phyllis Loobey, General Manager
Paul Shinn, Budget Officer
Mavis Skipworth, Recording Secretary
News media representative:
Marvin Tims, Register Guard

Absent:

Richard A. Booth, Secretary
Daniel M. Herbert, Vice President

MOTION
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MINUTES: Minutes of the budget committee meeting of February 26, 1980 were unanimously approved as distributed.

BUDGET PROPOSAL FOR FY 1980-81: Paul Shinn, Budget Officer, presented the budget message, advising that the proposed FY 1980-1981 budget would provide funds for service at the current level of total annual vehicle hours with an assumed fare increase to 65¢ base fare and payroll tax increase to .006. He called attention to the inclusion of the salary schedule for non-contractual employees at the current level pending review and recommendations of the board Salary Review Subcommittee. He noted that the budget as proposed was not balanced but showed a shortfall in the General Fund of \$335,110 and said this would need to be addressed. The proposed budget as presented included expenditures of \$8,714,894 and resources of \$8,379,784.

Mr. Langton and Dr. Loomis expressed concern over a proposed increase in the marketing and advertising budget, questioning the need for extensive advertising when ridership is high and the system is overloaded. Mr. Powis responded that partly as a result of successful advertising, the district has experienced a ridership growth in the past eight months at twice the national average. He said target marketing is proposed to increase awareness and provide incentives for available programs to promote productivity from specific segments of the population previously not reached.

AUDIENCE PARTICIPATION: Alan Ewert of the University of Oregon said advertising in a time when people are naturally turning to public transportation does not make sense. He suggested delaying construction of the 70 shelters scheduled for the coming fiscal year as an economy measure.

There were no further comments and that portion of the meeting was closed.

BOND REVENUE FINANCING: The general manager distributed a memo concerning the district's financial ability to obtain the eleven buses through Oregon Mass Transit Financing Authority. Ms. Loobey gave a brief overview of the changes that have occurred since negotiations started and the current and projected status of the district. She said it appeared that it would not be possible to meet the bankers' earnings test and the staff recommended that the district not engage in bonding for the buses, even though there would be additional maintenance costs by not replacing the Twin Coaches. She advised that she and Mr. Dallas would meet with Don Kershaw of GMC of Canada at the APTA conference to discuss transferring to a potential buyer the eleven buses on order.

Mr. Schmaedick suggested that priorities could be changed to enable purchase of some of the buses, such as decreasing the advertising budget and delaying construction of the shelters and property acquisition. Mr. Kohnen explained that the land, buildings and shelters are included in a federal grant and those funds cannot be used for purchase of buses.

MOTION

Dr. Loomis moved that the budget committee accept the general manager's recommendation to not purchase the new buses and to not accept the bonding. Mr. Randall seconded the motion. Mr. Kohnen questioned if this would be appropriate as the matter was not placed on the agenda for this meeting. Mr. Randall said he believed the budget committee had the right to recommend such action to the board. The question was put and carried unanimously.

VOTE

Mr. Baker summarized that through this action the budget committee has directed the staff to delete from any future budget the effects of the bond activities.

MOTION

BUDGET COMMITTEE DELIBERATION: Dr. Loomis moved to direct staff to officially prepare the budget using a 65¢ base fare. Mr. Kohnen seconded the motion.

Ms. McCarthy spoke of her concern that the increase would be too great at one time. In response to question by Ms. Roemer of anticipated farebox revenues from a 50¢ base fare, Mr. Shinn said it would generate \$2.06 million, \$500,000 less than at a 65¢ base fare.

Mr. Schmaedick said he was in favor of a 1/2 fare for people under 16 years and a peak hour base fare of 70¢ or 75¢. Mr. Hamilton expressed his support for a 65¢ fare as equitable and reasonable. Mr. Randall spoke in favor of a graduated increase over a period of time and said he was opposed to that large an increase at one time as he believed it would be counterproductive.

Mr. Langton reminded that as a means of developing a budget, the fare increase is now necessary as a result of inaction on the part of the board to do it earlier.

VOTE

The question was put on the motion to prepare the budget based on a 65¢ base fare and carried with approval by Edom, Hamilton, Hansen, Kohnen, Langton, Loomis and Schmaedick; opposed by Baker, McCarthy, Randall and Roemer.

Mr. Schmaedick moved to direct the staff to consider a half fare for people under 16 and peak hour fares of 70¢ or 75¢. Mr. Langton said he did not believe that was within the scope of the budget committee charge. Mr. Randall suggested the motion could be made a part of the staff presentation on fare variables at the April 22 meeting.

Mr. Hansen said he would rather approach the budget through a determination of what is needed to operate the system and then discuss developing the revenues.

Mr. Schmaedick's motion died for lack of a second.

MOTION

Mr. Hansen moved to address the issue of operational cost for the coming year and, when the need has been determined, to then address the issue of how the revenues would be raised. The motion was duly seconded. Mr. Randall suggested consideration should be given to the reallocation of service and whether suburban routes would be cut in determining the cost of operation.

VOTE

The question was put and carried with favorable vote by Hamilton, Hansen, Kohnen, Langton, Loomis, McCarthy and Roemer; opposed were Baker, and Edom. Mr. Schmaedick abstained.

In discussion of expenditures, Mr. Langton said he believed the Marketing and Planning budget was horrendous in the areas of advertising, printing and information clerks; that the district babies the customers and does not force them to read schedules. He suggested deletion of fare information on the schedules to avoid reprinting when fares are increased.

Mr. Schmaedick said he would like to see a change of philosophy in marketing to provide service to meet need, that he believed printing is the cheapest way to disseminate information and, rather than using television, schedules could be supplied to doctors' offices, to the registration desk at the university, and distributed to other outlets by staff.

Mr. Randall reminded that the previous budget committee had been concerned that there was criticism of empty buses and had instructed staff to increase the advertising budget to build ridership. Mr. Hansen agreed that the advertising had been effective and that the criticism was unfounded, but added that the situation has changed and he would prefer cutting the advertising line item in the budget from \$153,750 to \$100,000.

Mr. Kohnen expressed reservation to such a drastic cut. He recalled that staff was instructed last year to proceed with the advertising promotion and he believed it was successful but that it takes more time to change lifelong habits and people need to learn how and when to use the buses. He said the advertising was based on results of market research in this area.

Ms. McCarthy concurred and spoke of the need for advertising to educate people to use public transportation and to change their manner of getting places.

Mr. Schmaedick stressed the importance of a half fare for school students under 16 to build long term usage. He suggested distributing route information with the daily newspaper to reach a large number of people. Mr. Powis advised that a half fare is currently available for children under 12 years of age. He said the district previously investigated delivery of an insert with the Register Guard and found it to be too expensive.

MOTION

Mr. Hansen moved to allocate \$100,000 for advertising and to eliminate the two new positions, one Service Representative and one Information Clerk.

AMENDING
TION

Mr. Schmaedick said the staff should have more flexibility and he moved to amend the motion to reduce Contractual Services for Marketing and Planning from \$210,550 to \$160,000 and allow staff to determine the amounts for each line item. The motion was duly seconded.

Mr. Randall said he objected to the meat ax approach and felt an indepth analysis should be made of how the money would be used. Mr. Hamilton said he preferred to review each line item separately. Mr. Kohnen voiced concern that the cut was too great, but said he believed it would be preferable to lower the total marketing budget and allow staff to decide where to make any cuts.

Ms. Loobey explained the need for filling the two positions, saying the service representative would be responsible for token, fastpass and timetable delivery in the field, control of the program and interacting with those outlets. She said that role, if carried by a marketing representative at a higher salary, would be a wasteful use of marketing expertise. She described the increased load on the information clerks and the loss of 50 to 60 calls per day because of inadequate staffing.

Mr. Kohnen asked that staff be instructed to prepare a proposal for marketing and planning illustrating the effect of a \$50,000 decrease in the program.

Mr. Hamilton said he is concerned about the shortfall and an increase in the payroll, adding that he could see several areas of potential savings.

VOTE

The question was put on the amending motion and it failed. Voting in favor were Hansen, Loomis, McCarthy, Roemer and Schmaedick. Opposed were Baker, Edom, Hamilton, Kohnen, Langton and Randall.

In further discussion of the main motion, Mr. Kohnen commented that he believed it premature to take any action on line items and staff should have an opportunity to respond to committee members' concerns at a later meeting.

VOTE

The question was put on the main motion and it failed. Voting in favor were Hamilton, Hansen, Langton, Loomis and Schmaedick. Opposed were Baker, Edom, Kohnen, McCarthy, Randall and Roemer.

It was the consensus of the committee that the staff would be prepared at the April 29, 1980 budget committee meeting to go through the budget on a line item basis. Dr. Loomis asked for information on the ratio of the number of mechanics to buses, and on information clerks. Ms. Loobey said there was more validity to looking at the operating miles and age of fleet, and offered to provide that information.

MOTION
VOTE

Upon motion, duly seconded, the meeting was adjourned to April 29, 1980 at 7:30 p.m. in City Hall, Eugene, Oregon.


Secretary