

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

May 6, 1980

Pursuant to notice to the Register Guard on April 29, 1980, an adjourned meeting of the budget committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on May 6, 1980 at 7:30 p.m.

Present:

Board Members

Appointed Members

Richard A. Booth, Secretary

William Edom

Daniel M. Herbert, Vice President

Richard Hansen

Kenneth H. Kohnen, President, presiding

Mary Lou McCarthy, Secretary

Ted. J. Langton, Treasurer

Joan Rich

Robert C. Loomis

Ron Schmaedick

Glenn E. Randall

Paul Shinn, Budget Officer

Phyllis Loobey, General Manager

Mavis Skipworth, Recording Secretary

News media representative:

Marvin Tims, Register Guard

Absent:

George Baker

Carolyn Roemer

Emerson Hamilton

INTRODUCTORY REMARKS BY COMMITTEE CHAIRMAN: The chairman requested revision of the order of the agenda to place Budget Process Update before Deliberations to provide information for the items to follow. There was no objection expressed.

AUDIENCE PARTICIPATION: Mr. Kohnen opened the meeting to public participation and there was no response.

MOTION
VOTE

APPROVAL OF MINUTES: Upon motion, duly seconded, the minutes of the April 29, 1980 budget committee meeting were unanimously approved as distributed.

BUDGET PROCESS UPDATE: Paul Shinn, Budget Officer, reviewed the procedure followed in developing the FY 1980-81 proposed budget and said the staff was prepared at this meeting to go over the line items covering the Department of Operations and the Capital projects. He emphasized that the budget is a complete package and the staff would need to determine the multiple effects of any changes the committee may wish to make in specific line items.

Mr. Kohnen reviewed the committee's instructions to staff to prepare the budget on the same number of vehicle hours and said a determination will be made by the board on how those total vehicle hours will be shifted to reallocate service. He said any substantial changes that may be made to reduce the budget would cause a reduction in service, that the budget as prepared is in balance but is predicated on raising fares and raising the payroll tax to the statutory maximum. He advised that no increase in the payroll tax would require approximately a \$500,000 reduction and, as the largest items in the budget are personal services and fuel where cuts would have to be made, cuts in service would result.

Mr. Booth said he wished it understood that the board salary subcommittee dealt only with administrative salaries and not with those employees under the labor contract or the general manager.

BUDGET DELIBERATIONS: Tim Dallas, Director of Operations, gave a brief explanation of the line items in the Transportation and Maintenance Divisions. He said that portion of the budget was based on three assumptions: 1) that service will continue at the present level with the same number of total vehicle operating hours per day, 2) a continued increase in passenger loads which will affect operators and capacity of the system, as well as the frequency of vehicle repair and cleaning, and 3) service planning and implementation of accessible buses. He requested the addition of a clerk typist in the Transportation office to relieve the supervisors of clerical duties for more efficient road supervision and to centralize the clerical tasks. He also requested the addition of two mechanics to maintain lift equipment and an additional cleaner to accommodate the 30% increase experienced in passenger loads.

Mr. Booth said he recalled that during the review of the Maintenance Division two years ago, the subcommittee was told that the district could not achieve Tri-Met's ratio of mechanic per bus because of fleet age and he expected to see benefits in that area with the new buses. He said it would seem reasonable that after the breaking in period of the new buses there would be lower maintenance and the regular mechanics could provide maintenance on the lift mechanisms.

Mr. Dallas said the new equipment will not go into service until about January and a six months breaking in period will follow. He added there will be a transition period during refurbishing of the 400s, as well as an increased number of buses in service which will require the use of the Twin Coaches, and that the efficiencies to be achieved by the new vehicles will not be significant during FY 1980-81.

Mr. Hansen asked if the Dial-A-Bus vehicles will be phased out, eliminating the need for two dispatchers. Ms. Loobey said it is projected that the service will continue for several years as the majority of people using that service are unable to use a fixed route accessible bus.

Mr. Booth and Mr. Langton asked about the increased amount budgeted for parts and the size of the inventory. Mr. Dallas responded that the new series of buses arriving will require parts not now in stock, that the 600 series will be due for overhaul, and there will be additional costs on the 100 series due to overloads. He said there has been a considerable increase in the cost of parts. Mr. Booth said he had not found that large an increase in similar stock carried in his own business. He asked for further details on how much the inventory and parts will increase.

Mr. Hansen and Mr. Booth questioned the line item concerning operators wages, saying it indicated a 20% increase while staff had said contract employees would receive a 13% increase. Mr. Merrell explained the contract provisions for wage rate and cost of living increases.

Mr. Hansen asked if there would be enough flexibility if the committee were to allocate a 15% increase over last year. Mr. Dallas said staff would prefer to review specific contract clauses and bring more detailed information to the next meeting. Mr. Langton asked that the information include mechanics' wages.

Mr. Booth said it appeared there would be an increase in overtime and although some schedule overtime cannot be avoided, the unscheduled overtime should be carefully watched and controlled. Mr. Dallas agreed, saying it was being monitored. He added that system design would greatly affect efficiency and the amount of overtime required.

Mr. Booth questioned the projected increase in SAIF. Ms. Loobey described the guaranteed cost program with a retro formula, saying if the trend continues this year the district will receive back approximately \$150,000. She added that Workers Compensation rates have increased from \$8 to \$11 per \$100 payroll and will be further increased by raises in driver wages.

Mr. Booth and Mr. Hansen said they believed the retro premium return should be treated in the budget as a revenue source. Mr. Langton expressed his agreement. Mr. Merrell said he would prefer to treat it as a contra expense as the rate adjustments to become effective in January are unknown and it is hoped the amount received on retro will cover that adjustment. Mr. Edom said he also believed it should be shown as a resource and, if the money is needed in January, staff can request the board to make an adjustment.

Mr. Booth and Mr. Hansen asked for a detailed projection of SAIF revenues and expenditures for the committee to review at the next meeting.

Mr. Hansen requested that no money be funded for one-day passes. He moved to reduce Transportation printing budget by 25%. Mr. Booth seconded the motion.

Mr. Hansen spoke in favor of continuing the use of transfers as he believed many people use the bus for one-way trips and, unless they are going to the downtown core, they must transfer. He said he believed the board passed that action too quickly. Mrs. Rich reported that concern had been expressed on the issue of eliminating transfers at today's L-COG Transportation Planning Committee meeting, and said she would wish to delay action pending further study. Mr. Powis stated that day-pass implementation has been suspended until day-pass problems can be solved and that transfers will continue in effect.

Mr. Hansen withdrew his motion, and Mr. Booth withdrew the seconding.

MOTION

Mr. Hansen suggested delaying the addition of two lift mechanics until the second half of the fiscal year when the vehicles are scheduled to go into service. He moved that instead of funding two people for the full year, the budget include the equivalency of two mechanics for one-half year. Mr. Booth seconded the motion.

Mr. Herbert questioned the reduction of \$18,000 for one Mechanic I and asked what effect this could have on the system. Mr. Dallas responded that it could delay some of the overhauls and postpone some maintenance, creating a higher risk of component failure. He added that the district is under strict clean air requirements and engines using excessive oil could cause air pollution.

VOTE

The question was put and the motion failed. Voting in favor were Booth, Hansen, Langton and Loomis. Opposed were Edom, Herbert, Kohnen, McCarthy, Randall and Rich.

Mr. Schmaedick entered the meeting.

Mr. Hansen said it would be helpful in reviewing the budget if the committee could see a detailed breakdown of actual and anticipated expenses and revenues for the current year. Mr. Loobey said staff would furnish that information.

Mr. Randall left the meeting.

The chairman called for a ten minute recess. Following the recess, the meeting reconvened.

CAPITAL PROJECTS: Paul Shinn gave an overview of budget line items covering Capital projects.

Mr. Booth questioned the financial advantage of including \$5,000 for computer software for payroll program development. Mr. Merrell explained there were advantages for federal reporting requirements under Section 15 as well as for payroll. He added that minimum additional program to include a breakdown of absenteeism would provide accurate data for the federal reporting and would be beneficial and cost effective for the district.

Mr. Booth referred to inclusion of a brake drum lathe in the amount of \$16,542 for maintenance equipment, saying it was very expensive and the need could perhaps be handled more economically through a local business. Responding to question by Mr. Hansen, Mr. Dallas said about 500 brake drums are turned in a year and that about half of them are handled in the Maintenance Division as there is sometimes a problem on turnaround time and the need occasionally occurs at night or on weekends.

MOTION

Mr. Schmaedick moved to leave the item in the budget with special instructions for staff to investigate contracting the work out and reporting to the board before the lathe is purchased. Mr. Booth seconded the motion and it carried unanimously.

VOTE

Mr. Schmaedick spoke of his concern of spending \$50,000 for a site analysis, suggesting an analysis should wait until the district is in a position to option a site. Mr. Shinn said the district is in the beginning stages of looking for a new site to accommodate future needs and that the funds would include the second phase of preliminary site work, surveying and studying placement of buildings. Mr. Dallas explained the timeline and lengthy process of purchasing property with federal funding.

Mrs. Rich expressed concern of making extensive improvements on the district's present location if a later relocation is anticipated. Dr. Loomis said he believed the district could recover the cost of any improvements through appreciation of the present property.

MOTION

Mr. Schmaedick moved that any site analysis or selection expenditures be subject to further board action. Mr. Herbert seconded the motion.

VOTE

Mr. Herbert spoke in favor of funding for a site study, saying the present property will not be adequate for future needs and the district should be preparing for analysis of a prospective site. Dr. Loomis concurred, speaking of the federal requirements necessary for acquisition of property. Mr. Kohnen advised that a subcommittee of the board will be appointed to look into site studies and there would be ample time for review by the board. The question was put and carried. Voting in favor were Booth, Edom, Herbert, Kohnen, Langton, Loomis, McCarthy and Schmaedick. Opposed were Hansen and Rich.

Mr. Hansen urged caution in consideration of raising the payroll tax, saying employers in the area are having financial difficulty.

ADJOURNMENT: Upon motion, duly seconded, the meeting was adjourned to May 15, 1980 at 7:30 p.m. in the Eugene City Hall.