

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

May 15, 1980

Pursuant to notice to the Register Guard on May 6, 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 15, 1980 at 7:30 p.m.

Present:

Board Members

Daniel M. Herbert, Vice President  
Kenneth H. Kohnen, President, presiding  
Ted J. Langton, Treasurer  
Glenn E. Randall  
Carolyn Roemer

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

Appointed Members

Emerson Hamilton  
Mary Lou McCarthy, Secretary  
Joan Rich  
Ron Schmaedick

Absent:

Richard A. Booth, Secretary  
Robert C. Loomis

George Baker, Chairman  
William Edom  
Richard Hansen

INTRODUCTORY REMARKS BY CHAIRMAN: The chairman stated the budget committee would hold deliberations at this meeting and a public hearing on the proposed budget is scheduled for May 23, 1980. He said there would be an opportunity for the committee to make any adjustments following the public input.

AUDIENCE PARTICIPATION: The chairman opened the meeting for public participation and there was no response.

MOTION  
VOTE

MINUTES: Upon motion by Mr. Randall, seconded by Mr. Langton, the minutes of the May 6, 1980 budget committee meeting were unanimously approved as distributed.

BUDGET COMMITTEE DELIBERATIONS: Paul Shinn, Budget Officer, presented a line item budget indicating all expenditures and resources for the current year through May 6th and proposed figures for FY 1980-81 for comparison purposes, amended to reflect budget committee action. He presented a memo responding to questions brought up by committee members at the last meeting.

Mr. Shinn said in response to committee request that SAIF adjustments be included in the budget as revenue, staff was requesting that a new revenue line-item "SAIF Retroactive Adjustment" be added to the budget at an estimate of \$160,000, and the additional expense of projected SAIF premium increase at \$69,929.

MOTION

Mr. Schmaedick moved to incorporate the budget officer's report and recommendation into the budget document to increase resources by \$160,000 and expenses by \$69,929. The motion was duly seconded.

Mr. Randall cautioned that the premium increase could be greater than assumed. He also expressed concern that one sizable accident could affect revenue from retroactive adjustments.

VOTE Following further discussion, the question was put and carried unanimously.

Responding to committee concern over the percentage of increase of operators and other contract employee wages, Mr. Shinn said further study indicated that unpaid absences and temporary vacancies due to turnover would affect the total budget figure and he would recommend operator wages be decreased by \$106,000 and Maintenance wages, \$11,400, with benefits reduced accordingly.

MOTION Mr. Schmaedick moved, seconded by Mr. Langton, to delete \$106,000 from operator wages, \$11,400 from Maintenance wages and reduce benefits accordingly.

Mr. Randall left the meeting.

VOTE The question was put and carried unanimously.

MOTION Following discussion of projected utility costs, Mr. Schmaedick moved to reduce the utilities line-item by \$8,790. Mr. Langton seconded the motion and it carried unanimously.

VOTE

For informational purposes, Mr. Shinn reviewed comparative district-wide costs for a four-year period in Fuel & Lubricants, Printing, Miscellaneous Materials & Supplies, Dues, publications and membership, Training and travel and Parts Inventory. Responding to question by Mr. Hamilton of the size of increase in budgeted parts inventory, Mr. Shinn answered that the increase was due partly to inflation, to the age of the buses, and because of bus overloading.

Mr. Randall returned to the meeting.

MOTION Mr. Shinn explained indirect effects of revisions that had been made by the budget committee on employee programs. Mr. Schmaedick moved that an additional \$755 for Transportation Training and Travel and \$990 for Administration Employee Programs be incorporated into the budget. Mrs. McCarthy seconded the motion.

Mr. Schmaedick pointed out that this would allow employees to take general classes for self-improvement. Mr. Hamilton said he was concerned about additional liability for workers compensation it could impose on the district. Mr. Randall asked that further investigation be made into the liability obligations.

Ms. Loobey explained that none of the non-contractual employees receive overtime and if a professional staff employee requested additional training, it would be understood that the district would pay only the tuition and the training would be on their own time. She added that members of the staff move about the community in connection with the district's business and there would be more risk in that than attending classes.

Mrs. Roemer said she believed it would build morale for employees if the additional training were offered.

VOTE The question was put and carried with favorable vote by Herbert, Kohlen, Langton, McCarthy, Randall, Rich, Roemer and Schmaedick, with Mr. Hamilton opposing.

Discussion then focused on the projection of general fund resources and on the difficulty of making accurate assumptions of revenues to be received from the farebox and the payroll tax.

Mr. Shinn said a 13% ridership loss from a fare increase had previously been assumed, but through telephone calls received and a survey taken of 349 participants on twelve routes at different times of day since the board action on the fare package, a 30% loss is indicated, dropping projected farebox revenue from \$4,490,000 to \$3,300,000.

Mr. Langton questioned the reason for taking a survey, saying it appeared odd that a figure so casually founded was presented as a basis for the budget; that the staff appeared to be presenting a whole new set of facts and it smacked of a stacked deck.

Mr. Herbert said he could understand Mr. Langton's concern but believed there were good reasons for the revised assumptions such as the change in non-urban service and the reduction in the advertising budget. He said he was not uncomfortable that staff had given the committee more current information, reminding that fare calculations have always been guesses and estimates and he felt that the effect of a 65¢ base fare would have a disastrous effect on ridership.

Mrs. Roemer asked how close ridership projections had been over the years. Mr. Shinn replied that in the past a 10% to 12% increase with a status quo system was experienced but the past year had shown dramatic increase due to external events and an increase in the advertising program.

Mr. Schmaedick agreed with Mr. Langton, saying it appeared the staff did not do its homework or were blowing things out of proportion. He said he anticipated a leveling effect on ridership loss throughout the year and felt the figure would be improved if transfers were not discontinued.

Mrs. Rich asked how much decrease in ridership had been experienced with the last fare increase. Mr. Shinn replied that a 30% loss occurred, lasting for about a year.

MOTION Mr. Schmaedick moved to include into the budget a projected passenger revenue of \$2,100,000. Mr. Randall seconded the motion.

Mr. Hamilton spoke in opposition to the motion, saying the district should try to attain the targeted farebox ratio. He said there would always be people testifying against fare increases, but businessmen would not stand for an increase in the payroll tax. He asked that the higher farebox figure be included in the budget as he did not anticipate the impact would be as great as staff indicated.

MOTION Mr. Schmaedick moved to table his motion. Mr. Randall seconded and the VOTE motion carried unanimously.

MOTION In discussion of charter revenues, Mr. Shinn advised that cancellation of VOTE revenue bond financing for 11 buses would reduce the availability of vehicles for charter service. Mr. Schmaedick moved, seconded by Mr. Herbert, to reduce projected charter revenues from \$5,000 to \$2,000, and the motion carried unanimously.

In following discussion of projected revenue from the payroll tax, Mr. Shinn said the estimate was assumed at the .6% rate effective as of July 1, 1980. Mr. Langton said he ran a survey on the payroll tax of four employers, including himself, and he took serious exception to a projected 10% base increase, that even with a .006 rate, there would be a substantial reduction in the revenues which would require budget cuts.

Mr. Schmaedick moved that \$4,600,000 payroll tax receipts be incorporated in the budget. The motion died for lack of a second.

MOTION

Mr. Hamilton moved that the budget committee recommend to the board that the payroll tax be maintained at .005. Mr. Langton seconded the motion.

Mr. Randall said he was opposed to the motion and believed the tax rate should go to the maximum limit to provide maximum service to the community. Mrs. Rich agreed, saying if the fares are going up, the tax should also be increased. Mr. Hamilton said it would not be fair as the business district has borne more than their share and the current situation warrants tightening up and cutting back.

Mr. Randall agreed the business district has carried an unfair burden but that they did not take advantage of the opportunity to change that as twice they did not financially support the income tax. Mr. Hamilton said they had expressed their support which was more important. Mrs. Rich disagreed, saying financial support would have made a difference in the outcome.

Mr. Langton said revenue sources were not sufficient to cover the requests included in the budget and the committee should recognize that there must be more reductions in the operating budget, that while there is reluctance to talk about cutting service, it may have to be done. Mrs. Rich objected, saying the revenue estimates are only assumptions, and adjustments in the budget or necessary cuts in service could be made later, if found necessary.

Mr. Herbert asked about the percentage effect on payroll tax revenues of the 1974 recession. Mr. Shinn said it held up to about 9% and the 10% figure used in the proposed budget reflected that comparison.

Mr. Herbert asked that additional information be gathered on the projected tax base from the Department of Revenue in time to complete the budget. Mr. Shinn said he believed information on Lane County would be more applicable and staff would obtain it.

VOTE

The question was put and failed. Voting in favor were Langton, Hamilton and Schmaedick. Opposed were Herbert, Kohnen, McCarthy, Randall, Rich and Roemer.

MOTION

Mr. Randall moved the budget committee recommend to the board the payroll tax be increased to the maximum rate of .006. Mrs. Rich seconded the motion.

Mr. Hamilton said this motion was a slap in the face to the businessman and he would strongly oppose it. Mrs. McCarthy disagreed, saying the payroll tax was the only place the district was allowed to get the revenue, that in good faith the board had reduced the payroll tax a year ago but conditions were different now. Mr. Hamilton said he failed to see where the economy was so poor on the rider that they cannot pay the 65¢ fare but the businessman can pay an increased payroll tax.

Mr. Herbert commented that the alternative to not raising the payroll tax to that level would be to cut service and he would be reluctant to do that, particularly with the prospect that the tax base may not be as high as the presented figures indicated. He said he believed the transit service was worth it to the business community and the community at large and, as an employer, he did not begrudge paying it.

Mr. Randall expressed his support of the motion, saying he would prefer the income tax but as it is not available, this is the only way to go.

Mr. Kohnen said he would wish to have the issue of the payroll tax discussed next week at the board meeting when fares are to be discussed and, for that reason, was not in favor of the motion; that it should be addressed by the board without being locked into a vote by this committee.

VOTE The question was put and carried with favorable vote by Herbert, McCarthy, Randall, Rich and Roemer; opposed by Hamilton, Kohnen, Langton and Schmaedick.

MOTION Mr. Schmaedick said he would take issue that as a budget committee they should not make suggestions on revenue. He moved to include in the budget the payroll tax revenue at \$4,800,000. Mr. Herbert seconded the motion.

Responding to question by Mr. Kohnen of any areas where expenditures could be cut, Mr. Shinn said the only area without cutting service would be Capital Reserve, which could possibly be reduced by \$150,000, leaving \$30,000.

Mr. Dallas advised that tax revenues of \$4,800,000 would be \$139,000 less than the amount indicated in the proposed budget. Mrs. Roemer suggested leaving the amount in Capital Reserve and if found to be needed later, a supplemental budget could be approved, as the economy is in such a state of flux there is uncertainty in any assumptions.

VOTE The question was put and failed. Mr. Schmaedick voted in favor. Opposed were Hamilton, Herbert, Kohnen, Langton, McCarthy, Randall, Rich and Roemer.

MOTION Mr. Herbert moved to use a figure of \$4,900,000 on payroll tax revenues and \$2,139,000 on farebox revenues for resources. The motion was seconded and carried. In favor were Herbert, Kohnen, McCarthy, Randall, Rich and Roemer. Opposed were Hamilton, Langton and Schmaedick.

VOTE

Mr. Herbert spoke of his concern that the marketing budget had been decreased, noting that information had been presented which indicated for every dollar cut from advertising, \$1.33 was lost from the farebox revenue. He asked at some point on the board or budget committee, further examination be given to how much advertising the district should have to get the best return. Mr. Kohnen advised that at the next meeting there would be an opportunity for discussion following the public hearing. Mr. Herbert asked that staff prepare additional information on that issue.

Ms. Loobey announced that the Oregon Transportation Commission would be meeting in this area on May 19 and 20 and that the board had been invited to join them for a social hour and dinner at the Rodeway Inn.

MOTION Mr. Randall moved, seconded by Mr. Langton, to adjourn the budget committee meeting to May 22, 1980 at 7:30 p.m. in Eugene City Hall. The motion carried unanimously.

VOTE

  
Secretary