

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT
SPECIAL MEETING
October 20, 1980

A special meeting of the board of directors of Lane County Mass Transit District was held at Perry's Restaurant, on October 20, 1980, at 7:00 a.m. pursuant to call of all its members, and public notice given to the Register Guard and Springfield News.

Present:

Daniel M. Herbert, Vice President
Kenneth H. Kohnen, President, presiding
Ted J. Langton, Treasurer
Robert C. Loomis
Glenn E. Randall
Phyllis Loobey, General Manager
Mavis Skipworth, Recording Secretary
News media representative:
Marvin Tims, Register Guard

Absent:

Richard A. Booth, Secretary
Carolyn Roemer

INTRODUCTORY REMARKS BY PRESIDENT: The chairman advised that the purpose of the special meeting was to discuss financial projections for the remainder of the fiscal year and staff recommendations for correcting action to accommodate the projected shortfall.

AUDIENCE PARTICIPATION: There were no members of the public present to give comment.

FINANCIAL PROJECTIONS: Paul Shinn explained that revenues from the first three months of the fiscal year indicated that passenger revenues and payroll tax revenues are down and the revenues for the fiscal year will be about \$500,000 short of the amount budgeted. He said the lower revenues reflect the recessive economy, an underestimate on ridership decrease from the fare increase, and the cost of gasoline not continuing to rise as anticipated. Mr. Shinn further stated that with the savings in fuel prices and by not adding to the capital reserve fund, the anticipated difference of expenditures over revenue would be \$342,289.

Mr. Shinn presented a table of ridership projections for the fiscal year reflecting three levels of possible ridership, the Best Case, the Most Realistic, and the Worst Case, adding that employment statistics for Lane County for the past three months indicate a slight decline from last year and would bear out the "Most Realistic" case with a ridership projection of 3,850,939 and farebox revenues of \$1,617,394 for the fiscal year. He advised that these were inhouse projections.

SERVICE REDUCTIONS: Mr. Shinn then presented a list of service reductions recommended by staff as having the least impact upon riders: 1) change in frequency on Saturday to 45 minute service, 2) start Saturday service later and eliminate the 6:25 and 7:10 a.m. departure, 3) eliminating the last two trips of the day on weekdays, 4) eliminating the last two trips of the day on Saturday,

5) reduce service frequency on Sunday on selective routes by operating those routes on 90 minute frequency, and 6) reduce Sunday service by not operating #50 Park route. He said this would accomplish about a \$239,000 net savings and the remainder could be made up through internal belt-tightening and elimination of some discretionary expenditures.

Dr. Loomis suggested that any reductions should be simplistic to be less confusing to the public and perhaps should affect the entire system rather than a specific route.

Mr. Herbert said that in making route adjustments it was important to leave the structure intact for passengers to have a comprehensive service even after it is scaled down and he would hope the service could be rebuilt as resources became available.

Mr. Kohnen cautioned that as the capital reserve fund serves as a working capital fund, if cut to only \$30,000 it would be very small for an operation of the district's size.

Mr. Shinn said staff would look for various areas of savings, such as holding off on filling vacancies in administration, in workers compensation savings through money management program with SAIF, less mileage on the tires, lower insurance costs as the premium is based on the number of traveled miles, and any other areas found that could accomplish savings for the remaining deficit.

Responding to question by Mr. Kohnen of the effect on employment, Ms. Loobey said it would probably require layoffs of eight to ten employees.

Mr. Herbert said it would be desirable for each employee to receive 1% less wages in order to not affect the service if that arrangement could be worked out with the union. Ms. Loobey said the union has expressed a willingness to look at a variety of ways, including job sharing. Hank Perry, speaking for the union, said it had been suggested that two buses could be sold to make up the shortfall.

Dr. Loomis asked about the practicality of selling two of the new buses. Ms. Loobey replied that they could perhaps be sold at this time for slightly more than they cost, but replacing them in the future would be a great deal more costly and the operating costs on the old equipment is more expensive. Mr. Shinn reminded that 80% of the proceeds from such a sale would have to be returned to the government.

Mr. Kohnen asked that if it were found the savings from the recommended reductions were inadequate, could the district make other adjustments. Mr. Shinn said further changes could be made in March as temporary measures, such as cutting Sunday service, starting Saturday service at noon, or even shutting down the service for a short time, such as the week after school is out. He said a two week leadtime would be required to implement any changes.

Mr. Langton said the figures presented to the board seemed valid and there did not appear to be any alternative to reducing service. He suggested the board's approach in the public hearing process should be positive. Dr. Loomis concurred, saying the public should be told there is a shortfall, that service has to be cut and inform them of the recommended areas.

Ms. Loobey advised that some large employers have expressed interest in buying fastpasses for their employees and the staff would like to explore a change in the discount structure as some employers do not have enough employees to meet the current discount requirement of 1,000 passes.

Mr. Herbert reminded that the staff had been requested to prepare an analysis of the effects of the fare increase on revenues in order to consider if fares should be lowered in January.

Mr. Kohnen said while it would be possible that lower fares might increase revenues, he questioned the reliability of any projection of the effect of lowering fares. Mr. Herbert agreed that any analysis would have to be based on assumptions and conjectures and that an increase in ridership and revenues might take some time to develop after a fare reduction and that although it probably would not be a good strategy for solving the immediate problem, he would like to have staff work speeded up on preparing an analysis with some best guesses on what the effect of a fare decrease might be.

Mr. Randall said his interest was more in the benefit to the community than bailing the district out of a financial problem; that if the same income could be derived while charging less fares, he would be in favor of that and agreed the board should receive some projections. Mr. Shinn said he would try to have them prepared for the public meeting. Mr. Langton commented that while he believed they could be useful at the public hearing, he was not certain the information could be valid.

Dr. Loomis left the meeting.

Mr. Kohnen and Mr. Herbert commended the staff on preparing alternatives that would have a minimal effect on the public.

Board discussion stressed the need for a consensus of the board in recommending the service reductions to the public at the public hearing scheduled for October 29, 1980.

MOTION

Mr. Langton moved that the board acknowledge that the shortfall in revenues exists and the board is recommending that service reductions be made as indicated in the agenda packet, with final decision subject to the public input at the public hearing. Mr. Randall seconded the motion and it carried unanimously with favorable vote by Herbert, Langton, Kohnen and Randall.

VOTE

The meeting was adjourned.



Secretary