

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

ADJOURNED MEETING

May 4, 1981

Pursuant to notice given at the April 28, 1981, Budget Committee meeting, a meeting of the Budget Committee of the Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on April 28, 1981, at 7:30 p.m.

Present:

Board Members

Richard A. Booth, Secretary  
Daniel M. Herbert, Vice President  
Kenneth H. Kohnen, President  
Ted J. Langton, Treasurer  
Robert C. Loomis  
Glenn E. Randall  
Carolyn Roemer

Appointed Members

Carole Erbe  
Emerson Hamilton  
Richard Hansen, Chairman, presiding  
Joel Kaplan  
Joan Rich, Committee Secretary  
Ronald Schmaedick

Phyllis Loobey, General Manager  
Paul Shinn, Budget Officer  
Jo Sullivan, Recording Secretary

News Media Representative:

Marvin Tims, Eugene Register-Guard

Absent:

John DeWenter

INTRODUCTORY REMARKS BY COMMITTEE CHAIRMAN: Richard Hansen, Committee Chairman, informed the committee members that they would review the revenue side of the budget before going back to the follow-up reports from the staff, because there was some question of available funds.

APPROVAL OF MINUTES: The minutes of the April 28 meeting will not be available until May 26 due to the short time span between budget meetings.

REVENUE: Paul Shinn directed the committee's attention to page 12 of that evening's agenda packet. He summarized some of the information by saying

that staff project a 5% increase in revenue despite the service cuts. Better service will be due to more buses running at peak hours, improved travel time by about 15% for the average passenger, reduced transfer time, and the adding of more direct service for people bound other places than downtown. These improvements, he said, should attract more peak hour commuters.

Mr. Shinn then commented on the categories on page 13 of the packet, saying that charters are anticipated to increase a lot because the District has more buses than before, advertising is lower because the District has lost two month's worth of advertising revenue due to the delay in being able to advertise on the exterior of the buses, and miscellaneous income is lower because the District no longer has tenants in the houses on the property. Regarding the payroll tax revenue, he explained that three factors--employment, wage levels, and tax rates--were considered. He said he expects no increase in employment, a fairly modest increase of about 7% in the wage level, and a full year at the 0.6% tax rate rather than 3/4 of a year at that rate.

Mr. Hansen asked if the \$120,000 working capital figure is current, and Mr. Shinn responded that it is.

Mr. Booth said that he had asked Paul Shinn to prepare a handout on "Farebox Revenue/Operating Cost" for the meeting. Mr. Booth stated that the District needs to accomplish Board objectives, which this particular budget would go behind on. He said he felt the entire revenue picture is quite conservative, and that most of the things that are in the passenger fare projections are overly conservative. He thought the streamlining the District did this fiscal year worked out better than anticipated, and commented that there has been a lot more streamlining for next year. He stated that he thought there would be more than a 5% increase in ridership, especially since the fare will not be increased if the staff recommendation is followed.

Mr. Shinn remarked that a little over a 5% increase was the best increase in years, with no increase in gasoline prices. Mr. Booth stated that the fare increase had a bad effect on ridership but increased revenue, so he thought the District would see a larger than 5% increase, since there was no fare increase scheduled for this next year.

Mr. Kohnen commented that he thought the committee should be conservative in budgeting revenues, since, if they don't materialize, there will be problems. He said he hoped the services changes would produce more ridership than recommended, but that that was only speculative.

Ms. Rich remarked that when there is a service change there is also an adjustment period. She said that as an occasional rider she tends to avoid the system for awhile because it takes time to learn the routes all over again. She thought this was a common occurrence and that the District should be conservative in its estimates. Mr. Shinn agreed that staff would expect ridership to drop off in September.

Mr. Hansen asked if there is a time frame for achieving the Board's goal of fares paying 30% of operating costs, and if the committee would be going against the TDP if it approved this budget. Mr. Hamilton commented that he thought the committee should be using that 30% goal as a goal in its deliberations.

Ms. Loobey responded that she did not believe that passenger fares were keeping the District from reaching that goal. She said that the Comprehensive Service Redesign is a way to help increase revenue, and that the budget in its total is not abandoning that goal. She added that the District is looking at a substantial departure from the kind of service it has always provided, and that there would be a period of transition both on the part of riders and staff while the new system is fine-tuned, but that it should attract more riders.

Mr. Booth commented on the fact that the District is having to cut service in September, after having just cut in January. Mr. Shinn explained that in October the staff had to make a decision on what service to cut within a very short (two to three weeks) period of time, but now have been working on the new system since January and are to the point of knowing what buses will be needed, etc., and it comes close to what was anticipated in the budget.

Ms. Roemer said it was hard for her to feel good about projecting a high increase in ridership or a small increase in farebox revenue, because this has been a bad year for the District, considering the changes that had to be made in October.

There was no further discussion and no motions were made regarding Passenger Fares.

In discussing Charters, Mr. Booth asked how rates are set. Mr. Shinn answered that rates are set to cover all variable costs, to cover operator overtime, etc. He said that the District would not be competitive in the marketplace if it charged for fixed costs also. Ms. Bevington added that LTD has always priced to be slightly higher than the local competition and has ended up with charters that other organizations didn't want. She said that the bus charter now covers the entire labor cost for each day, and the only expenses not covered are depreciation and administrative costs.

Mr. Hansen asked why have charter service if there is no profit. Mr. Shinn replied that there are three reasons: (1) it pays a bigger share than regular passenger revenue does; (2) for public relations, such as for the Lane County Fair and football games--many times it is the first time passengers have been on a District bus; and (3) for community service to community events.

Mr. Schmaedick said he thought the District should not be competing with someone who is providing the service already, but, on the other hand, if the Board could define charters as meeting services that might not be met in terms of community needs, it would not be considered competitive. He then asked if the District would come out better or worse if it charged fares instead of chartering.

Ms. Bevington responded that it varies from year to year, that when the District has not had money to advertise special events, it has done poorly by charging fares, but when there had been money to advertise, it has done well.

Mr. Kohnen asked if the football buses from South Eugene have been on charter, and Paul Shinn answered that those have been special services that we pay for and charge fares for. Mr. Booth said that he didn't think the District should do something just because it doesn't lose as much money as the regular service unless it cannot be provided by another company.

MOTION Mr. Hansen asked if there were any motions on this part of the agenda. Mr. Langton moved that the committee change the line item for advertising revenue from \$39,500 to \$32,900 as recommended by staff due to the delay in a final decision by the City whether or not to allow exterior advertising on District buses. Mr. Hamilton seconded the motion.

Mr. Booth asked if this figure was a good one, and Mr. Shinn said that it was based on the contract guarantee, that the contract is for a minimum or 30% of revenue. He added that the District does not set the advertising costs, Benedict does.

VOTE The question was put, and the motion carried unanimously.

Mr. Hansen asked if there were any comments on the \$2,000 figure for the Miscellaneous revenue category; there were none. He then asked if the committee members had any comments to make regarding the Interest Income figure of \$10,000; again, there were no comments.

In discussing the Payroll Tax category, Mr. Hamilton said he thought the District was still being conservative. He said that he looked at the construction industry, and that for the last four months it has involved about one-quarter fewer man hours, and he thought that was typical for the industry. He said he would guess that the payroll tax figure would be about 10% less than the \$5,060,000 budgeted.

Mr. Hansen asked when the last time was that staff checked employment tracking, to which Mr. Shinn replied that he checks monthly. He said that the March figures are about identical to last March, which was identical to March of 1978, down from 1979. He also said that presently the District figures are pretty much where they were last year and he didn't see any reason that will change that trend. Mr. Shinn added that he believes employment is down, basically at the 1978 level, which isn't very good, but that he didn't think it would drop more than two to three percent.

Mr. Hansen stated that he was not as optimistic as Paul Shinn, since the Federal government is cutting back on its programs. Mr. Randall said he couldn't see any severe drops even with the interest rates going up again, but that he saw a leveling off or gradual upturn as a result of the President's economic goals. He said he agreed with the projections but thought they might be a little too conservative.

Mr. Booth stated that he thought there are some local problems because the city government at this time is very anti-business, so he thought this area is different than most areas. He said we have a drop in population because there are no jobs available. He stated that he thought the things that had been mentioned as negative had affected last year's budget and that the District has seen most of the effects of these negative items. He agreed that the revenue figure is a fairly reasonable figure, although maybe a little on the conservative side. He also thought the payroll tax projection is pretty good.

Mr. Schmaedick remarked that building starts are still off in this area, even from last year, and that the Gateway and west Eugene areas are experiencing as much as a 20% vacancy rate, where there used to be no vacancies.

Mr. Hamilton asked how the Attorney General's rule regarding realtors not paying the payroll tax would be affecting LTD. Mr. Shinn replied that the District is appealing that decision, and that he would guess it would mean about \$50,000 in lost revenue. He said it could be a total of 1% of the District's revenue, that it fluctuates from 0% to 1%, which is minimal.

Dr. Loomis asked if the Governor's in-lieu-of-payroll tax bill was being considered in the revenue estimates. Ms. Loobey replied that it was not, because it is not a known source of revenue. She said that if the bill would pass we would probably have a supplemental budget, but that now there seems to be a lot of reluctance in Salem to effecting those kinds of taxes that would support that kind of a program. She added that only the administrative bill (HB 2048) has passed the house, but the appropriations bill has not even come out of committee.

There were no other comments on the payroll tax revenue section.

There were no comments on the SAIF Adjustment section.

Regarding Operating Assistance, Mr. Langton asked if the \$600,000 figure was a guess. Paul Shinn responded that it was a bottom-range guess. He said that if the Federal administration goes through with the formula change, the District could lose about one-third of what it receives now. He did not know when the staff would find out for sure. He added that there is no plan to cut out all money at once for Section 5 assistance.

MOTION It was moved and seconded to approve the budgeted income projection of approximately \$7,681,900, with the one correction in the advertising line item as previously approved. The motion carried 12 to 1, with Mr. Hamilton voting against the motion.

VOTE

At this point, Mr. Booth said he thought the committee should take a position with respect to any increase in expected revenue. He said that the committee has seen that all of these are conservative figures, and that the District has a reputation in the community for levying the maximum tax and

and then spending the money. He said he thought the employer/taxpayer of this community should see the benefit of any increase in revenue.

MOTION

Mr. Booth then moved that the budget committee recommend to the Board that any amount of money that is recovered over the budget be in some way returned against the payroll tax. Mr. Hamilton seconded the motion.

Ms. Rich said she would vote against the motion because she thought the first thing to do with any excess revenue would be to return service that has been cut. She said she thought the District was getting dangerously near the point of inefficient service, and blamed rising labor and fuel costs, etc., rather than the District.

Mr. Kohnen stated that he was opposed to the motion because it would unduly restrict the Board. He said that the Board cannot spend any excess funds without a supplemental budget, which involves public hearings. He said the committee didn't know what might be developing on the expenditure side as well, in terms of emergency situations and serious needs of the District. He said the District has cut service, and if it plans to provide viable public transit in this community, the committee members need to think of re-establishing service. He added that he thought the District's record has not been one of insensitivity to those who pay the payroll tax, since the Board has lowered the tax twice and only recently has the tax reached the maximum. He said that any decision the committee makes should be based on all those facts.

Dr. Loomis stated that he felt sympathy with the businessmen and thought they had carried the burden a long time, but that he did not want to tie the Board's hands without knowing what gas will cost in the future.

Mr. Hansen remarked that there is no way that the committee can tie the hands of the Board, and Mr. Booth said that his motion was only a strong recommendation to the Board.

Mr. Herbert commented that there is a partly half-full/half-empty category for any additional revenues, to accumulate capital for future expenditures.

Ms. Roemer asked if the budget committee could be reconvened for a supplemental budget, and said that would be one way to be sure everyone had input to those changes. Ms. Loobey replied that it could, and that there has been a change in the opinion regarding supplemental budgets. She said that if a supplemental budget is being considered, the District would have to reconvene the budget committee.

Mr. Hamilton said that he understood the motion to send a recommendation to the Board, and that with a volatile economy like ours, there are bound to be some changes down the road. He stated he would hope that if there are additional incomes the District wouldn't preclude giving some of those incomes back to those who are paying taxes. He thought that if the committee was talking about restoring empty buses on Saturday, that would be a grave mistake.

He also said that if gas prices go up, he would hope the Board would look at increasing the fares for income.

Mr. Hansen agreed that the motion is just a message to the Board, and said that the system is going to start becoming an efficient operation with the Comprehensive Service Redesign in September, and also that the District will want to stimulate economy and business in the community.

Mr. Langton stated that if the District's income is below projections, it will be forced to do something, and that he was thankful it couldn't run on a deficit. He said he could guarantee that if the District's income goes up, the money will be spent.

MOTION

Mr. Randall moved, and Ms. Rich seconded, that the committee table the motion. The motion was overturned 9 to 3, with Erbe, Randall, and Rich voting for it, Roemer abstaining, and all others opposed.

VOTE

Mr. Schmaedick then moved to amend the motion to say that the budget committee recommend that the Board consider the suggestion that any amount of money that is recovered over the budget be in some way returned against the payroll tax. Mr. Herbert seconded the motion, and it carried 8 to 5, with Erbe, Kaplan, Kohlen, Randall, and Rich voting in opposition, and Booth, Hamilton, Hansen, Herbert, Langton, Loomis, Roemer, and Schmaedick in favor.

STAFF REQUEST FOR BUDGET ADJUSTMENTS--BUS OPERATOR: Paul Shinn explained that staff wanted to lower the estimate for the bus operator line item because internal review had revealed that this item had been over-budgeted. The memo on page 19 of the agenda packet explains the correct calculation, and states the staff request--that the committee take action to lower the existing figure by \$74,000 to the corrected figure of \$2,450,000.

MOTION

Dr. Loomis moved that the committee take action to lower the existing figure by \$74,000 to the corrected figure of \$2,450,000. The motion was seconded, and carried unanimously without further discussion.

VOTE

FOLLOW-UP REPORTS:

Cover Memo: Ms. Loobey stated that her memo dated April 30, 1981 on page 1 of the agenda packet was self explanatory. She cautioned the committee that this is a program budget and reductions do have an impact on programs. She said that if that fact is not taken into account, there will be some violation of the way the budget was made.

Marketing/Planning Personnel: Ms. Loobey recalled the discussion at the last committee meeting on whether or not to fill the position of the Director of Marketing and Planning. She said staff had looked at other organizational alternatives. She said that mid-management staff could be used for the benefit of the District by reassigning some of the duties between Paul Shinn, Tim Dallas, and Phyllis Loobey, and by reassigning some of the duties of Ellen

Bevington and Ed Bergeron. She added that that would be the best way to cover the duties of the unfilled position. Ms. Loobey further explained that one alternative that would be most beneficial to the District and its overall information services to the public would be to reduce the number of information service personnel from six to five and replace that one position with what would be called a Service Representative. She said that District has had a person in that position in the past, and that many of the mid-management staff are doing clerical kinds of duties (fastpass deliveries, etc.), and basic information services, which is not an effective use of mid-management staff. Further, she said, staff are proposing to operate fewer hours at the Customer Service Center and on the information telephone lines, in order to not leave a gap in customer services. She added that this position will be critical for the Comprehensive Service Redesign implementation, and that there would be a more flexible assignment of duties by having this position be a member of the administrative management staff rather than a contract employee.

Ms. Loobey detailed the staff recommendation in three parts: (1) deleting \$20,800 for the position of the Director of Marketing and Planning; (2) adding \$13,400 for a Service Representative; and (3) deleting \$14,000 for an Information Clerk position.

MOTION  
VOTE

Mr. Hamilton moved that this change be approved, based on the three items listed above in the staff recommendation. The motion was seconded and carried unanimously.

Marketing: Mr. Bergeron called the committee's attention to his memo on page 5 of the agenda packet. He explained that, based on the committee's direction, Marketing staff surveyed quickly various smaller-sized systems. He said that the LTD Marketing budget amounts to about 3% of the overall operating budget for the coming year, and that that figure varies from two to four percent at various systems. Mr. Bergeron went on to say that staff feel that these figures show that Marketing will be able to accomplish the TDP program objectives this year and still stay within what is common for transit districts the size of LTD.

Mr. Booth asked what the Marketing budget is with respect to farebox revenue, because the goal is to generate farebox revenue. Mr. Bergeron replied that the LTD Marketing expenditures equal 5.9% of farebox revenue, which is consistent with the industry. He explained that LTD is introducing a new system or product to the community, and that advertising will be critical to that introduction, but that the District will be able to stay within the bounds of what is common for the industry in doing so.

In response to a question, Mr. Bergeron said that Marketing anticipates hitting the marketplace strongly in August and September with \$24,000 for the initial introduction of the system. Mr. Hansen said that over 50% of general image advertising would be going to one program; shuttle service has \$12,000 budgeted, and general image advertising has \$24,000. Mr. Bergeron stated that



shuttle service occurs throughout the year, and that general image advertising is unspecified for the flexibility to respond to situations that may occur during the year.

Mr. Schmaedick asked the committee to look again at the figures on page 5. He said that some of the districts are spending a fair amount but the rest of them make LTD look high, and that compared to their revenue, it still makes LTD look high in this area. He thought there were other ways the District could sell its programs rather than by heavy media as is presently done.

Mr. Shinn noted that Tacoma is not spending advertising dollars, but is spending the money on printing. He stated that the properties with higher advertising budgets have fewer personnel or are doing less printing; they are all spending about the same amount of money, just in different ways.

He also said that he had given Tim Dallas and Ed Bergeron a list of about 16 APTA properties and asked those staff members to obtain what information they could in two days before the agenda packet was put together. There was no information left out from what was obtained.

Ms. Rich noted that Tacoma has a "lousy" operating/farebox revenue ratio. She said that the committee was down to looking at percentages, which is not how you make up a monthly program, and that she did not intend to go into percentages unless the Board told her that they had that in mind rather than a program to sell services.

Mr. Kohnen responded to Ms. Rich's comment by saying that the answer is that the Marketing program is to accomplish something. He said the Board got the message that the District has to improve farebox to operating cost ratio, but that it can't force people to ride the buses. Instead, he said, the District must make it an attractive alternative and let the public know what is available. He thought the staff was doing a good job of planning how to spend marketing dollars, and repeated that the goal is not to spend money but to get people on the buses.

Mr. Hansen asked what the Board's goals are for the Marketing department, and said it would be helpful to know whether the District is meeting those goals, since the committee is looking at a budget of \$693,000 for Marketing and Planning to generate farebox revenue. He then asked for action or further discussion on this budget item.

MOTION Mr. Schmaedick moved, and Mr. Booth seconded, that the committee reduce the media budget from \$104,000 to \$70,000, a decrease of \$34,000, for the next fiscal year.

Mr. Schmaedick commented that that is approximately 4% of the District's revenue and brings it closer to the figures that were brought to the committee by staff. He said that printed matter is important and that category is still heavy.

Mr. Kaplan asked what kind of evidence there is in the LTD system or nationwide of the correlation between dollars spent and farebox revenue. Mr. Bergeron responded that Marketing staff project that every dollar spent on Marketing functions in general would generate in this coming year \$2.60 in additional revenue, based on the incremental passengers that those expenditures would draw to the system.

In response to a request from Mr. Booth for clarification of the monies being mentioned, Mr. Bergeron said that the total Marketing expenditure proposed for this year is \$241,000, and that includes expenditures for personnel; that is 3% of the District's entire operating budget. He added that the amount of revenue assigned to that expenditure is \$627,524.

Mr. Booth divided \$627,524 by the average fare of 50¢ and said that would equal 1,200,000 additional rides, which he said made Mr. Bergeron's estimates "off-kilter," since that would be an increase in ridership of almost 10%.

Mr. Hansen broke in and said that that information could not be correlated, because you could also say that if you don't advertise, what would the effect be? He agreed that theoretically you should get \$268,000 back if you spend \$100,000, but asked what would happen if that money is not spent. Mr. Bergeron replied that they couldn't guarantee that those revenues would go down.

Dr. Loomis stated that he would like to look at some known figures from the District, and wondered if in the past there had actually been increased income and ridership, and what those figures were. Mr. Bergeron answered that from 1978-79 the media advertising budget was increased 40% and that generated a ridership increase of 15% that very year. Dr. Loomis then asked if those figures could be correlated with the \$2.60 projection, and Mr. Bergeron responded that they could not, that his projection is based on the next year, not 1978-79. He also said that there is a building effect; as expenditures are increased to a certain level, there are economies of scale. When you start from zero you have more catching up to do than when you achieve a realistic level and maintain that level. He stated that advertising expenditures have been about \$100,000 the last two years, and that is about what is being asked for again, with increases for additional costs.

Mr. Schmaedick multiplied the \$34,000 that was cut from the budget by \$2.60, which came to \$88,400. Then he subtracted the \$34,000 that was spent, and said that means the District is gambling \$54,400 that it might not get because the committee cut \$34,000 off of expenses. He said he thought it was worth gambling that money; that he thought the District should not get out of the Marketing business, but should get out of the media business.

Ms. Roemer stated that just three years ago the District wanted to get into the media business. She said that LTD was not advertising and the question was "why not?" but that now it is supposed to stop advertising.

Mr. Schmaedick thought the question was one of paid advertising versus public, and said that paid advertising takes eight to ten inches of space to

get the same impact as one to two inches in a news item. Mr. Bergeron responded by stating that in paid advertising the District has control over what is printed, but has no control over what the media puts in the paper. Ms. Loobey added that the District will not be able to explain a new system to passengers and potential passengers with a few lines in a newspaper article. Rather, she said, it must be done by the use of brochures, media advertising, and a complete marketing effort by the whole staff.

Ms. Loobey went on to say that her preference, if the committee thinks Marketing expenditures are too high, would be for the committee to tell staff to cut \$34,000 and let staff decide where the cuts will be. She said she didn't think the committee could cut a specific amount out of media advertising and expect staff at the same time to increase farebox revenue, and that the committee would be tying staff's hands by taking away some of the tools they need to achieve some of the goals the Board had set for them.

Mr. Schmaedick commented that the budget for advertising for implementation of the Comprehensive Service Redesign is \$34,000, and that the motion on the floor leaves \$70,000 in the budget.

Mr. Herbert stated that the amount proposed for reduction is more than the amount required to explain the transition to the Comprehensive Service Redesign. He said of course the committee and staff wouldn't cut that out but that something would have to go. He thought this situation was just like at the previous meeting, when the committee said it would cut a specific line item without any idea of whether the cut was good or bad. The committee had then asked for staff input and they had made a creative and useful response. He said he thought Ms. Loobey's current answer was just right--that if in fact the committee wanted to reduce the budget by \$34,000, they should make a motion to do just that, and should find out how in the opinion of the District's professionals that might best be done.

Mr. Hamilton commented that the staff comes to the committee with justification on line items and it is still up to the committee to decide whether to accept those justifications.

Mr. Randall said that it seems strange to him that the business community is urging the District to get more farebox revenue on the one hand, and on the other hand is taking away the tools to do just that. He stated that he would be in favor of anyone who could generate more revenue, so he would be opposed to the motion.

Mr. Hamilton thought the committee was asking staff to spend dollars more effectively rather than taking away the tools. Mr. Hansen stated that if the motion passed he would hope that the staff would come back to the committee and point out the major pitfalls of it, and reminded the committee that everything they were doing was considered tentative.

Mr. Herbert commented that Mr. Hamilton thought the committee should be addressing line items but that he thought it should be addressing the categories,

and someone else might say it should address the whole budget and find the best place to cut. Dr. Loomis thought the committee should do something affecting the line item to force the staff to look at it carefully and see where cuts can be made.

VOTE The question was put, and the motion failed 5 to 8, with Booth, Hamilton, Langton, Loomis, and Schmaedick voting in favor of the motion, and Erbe, Hansen, Herbert, Kaplan, Kohnen, Randall, Rich, and Roemer opposed.

MOTION Mr. Schmaedick then moved that the committee ask staff to prepare a revised budget, taking \$34,000 out of the whole Marketing department budget, for consideration. The motion was seconded and carried 9 to 4, with Erbe, Kaplan, Randall, and Rich opposed and Booth, Hamilton, Hansen, Herbert, Kohnen, Langton, Loomis, Roemer, and Schmaedick voting in favor of the motion.

Maintenance Budget: Commenting on the Maintenance follow-up report beginning on page 6 of the agenda packet, Mr. Booth said he found the information interesting; that LTD is the worst in number of people per bus and in the middle in number of people per miles. He said he would like to comment on this topic later in the meeting.

Mr. Dallas informed the committee that all systems on the table on page 9 are from one-half to two times the size of LTD, based on mileage; LTD runs about 3 million miles per year. Information on several systems was deleted because they didn't supply complete data or they rely on city/county services for some of their maintenance. Mr. Dallas explained that the information is based on mileage because the costs are also mileage-based, and that the chart included comparisons on mileage per gallon, mileage per road calls, and three columns of efficiency measures--how many people it takes to run the buses every mile. He said that the number of people per mile is a fair representation of how much work people are doing (how many thousands of miles of bus operation is that person taking care of). He stated that LTD is at about the middle of the APTA survey data.

Mr. Dallas also explained that there is some confusion about mechanics and service people and how they are the same or different, so they were put together in one column (miles per person). He cautioned the committee about the dangers of drawing specific conclusions from this kind of data, since there are many variables, including labor contracts, types of buses (old/new/big/small), curb-to-curb service, commuter service, etc. He noted that in miles per gallon LTD was highest on the list, and in miles per road call, the District was a little low. He added that there are probably not system-wide reporting standards (what constitutes a road call, etc.).

Mr. Hansen thanked Mr. Dallas for the overview and said it was informative, and Mr. Schmaedick thought it was the kind of "report card" the committee would like to look at each year. He also thought the District should explore a little further the ratio of peak to base. He wondered if it would find that those systems that provide the high numbers are those that are providing

a greater community service and obtaining higher farebox revenue (meeting commuter needs). Tim Dallas said that there seems to be a direct correlation between system size and commuter needs/ridership; a smaller system seems to offer minimum levels of service, and more as it grows. At present, he said, LTD's peak to base ratio is 1.28 and with the Comprehensive Service Redesign it will be 1.88, so the new system design is moving in that direction somewhat.

Mr. Dallas also explained how parts costs were figured, on page 7 of the agenda packet: 4% reduction in mileage, 5% reduction for parts, and 16% inflation (which may be conservative) came to a 6% net increase for parts.

Mr. Booth said he thought the inflation figure should be more like 8% to 9%, and that the reduction for new parts is too low because it should go way down with new buses.

Mechanic Salaries: Tim Dallas informed the committee that on page 42 of the proposed budget the Mechanic I and Mechanic II salaries are in error, and that staff recommend making the correction shown on page 11 of the May 4 agenda packet. The correct budget figures are \$161,600 for Mechanic I's and \$96,500 for Mechanic II's.

MOVED

Dr. Loomis moved that the budget figure for Mechanic I be changed to \$161,600 and the figure for Mechanic II be changed to \$96,500, as recommended by the staff to correct an error in the proposed budget. It was seconded, and the motion carried unanimously.

VOTE

Capital Reserve Fund: Mr. Shinn explained to the Budget Committee members that the report on page 10 of the agenda packet shows all of the TDP programs and what LTD's share would be, how much the District should carry into reserves, and the accumulation portion for each year.

Mr. Herbert asked if, in making up the budget, staff looked at revenues and expenditures, found the difference to be \$434,000, and that figure determined the capital reserve fund. Mr. Shinn replied that that was not the only thing considered, but was a bottom line. Mr. Herbert then stated that, given the errors made, there are some adjustments to be made in the capital reserve fund, and Mr. Shinn said that he would not automatically make those adjustments, although he would recommend it, without committee direction.

MOTION

Mr. Herbert moved that the budget committee instruct the budget officer to accumulate cost reductions that have been made or net changes from the previous budget into the capital reserve fund, and the motion was seconded.

Mr. Kohnen asked if Mr. Herbert meant all reductions that have been made so far, and Mr. Langton said that there was no dollar amount in the motion.

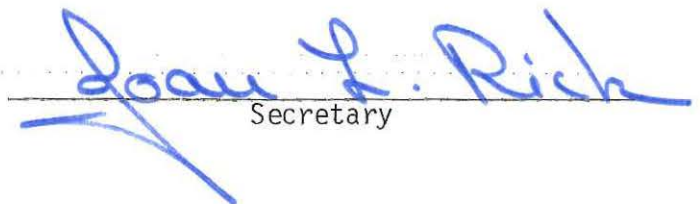
VOTE

The question was put, and the motion carried 12 to 1, with Mr. Booth voting in opposition and all others in favor of the motion.

Mr. Hansen asked if the general fund carryover of \$434,000 at the end of 1981-82 had anything to do with contract negotiations. Ms. Loobey responded that there has been a projected increase in the line items for contract wages. Mr. Langton said the reserve fund can be used for operating costs as needed, and Mr. Shinn stated that it is reserved for future projects listed in the agenda packet, and that it would take Board action to move that money once the budget is approved.

Mr. Hansen informed the committee members that they would have to adopt the budget at the May 26 meeting, with formal adoption of income, expenses, etc., and a public hearing, and that the votes made so far are subject to change.

ADJOURNMENT: With no further discussion, the meeting was duly adjourned.

  
Secretary