

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

March 23, 1982

Pursuant to public notice given to the Eugene Register-Guard for publication on March 18, 1982, a meeting of the Budget Committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on March 23, 1982 at 7:30 p.m.

Present:

Board Members

Janice Eberly, Secretary  
Kenneth H. Kohnen  
Ted J. Langton, President  
Polly Nelson

Appointed Members

Carol Erbe, Committee Secretary  
Richard Hansen  
Joel Kaplan, Chairman, presiding  
Mary Porter Leistner

Phyllis P. Loobey, General Manager  
Paul Shinn, Budget Officer  
Cindy Ficek, Recording Secretary

Absent:

Peter M. Brandt  
Janet Calvert  
Glenn Randall, Vice President/Treasurer

Emerson Hamilton  
Robert O'Donnell

INTRODUCTORY REMARKS BY COMMITTEE CHAIRMAN: Richard Hansen, Committee Chairman, reminded the Budget Committee that under no circumstances should the meeting run beyond 10:00 p.m. as the last bus leaves the mall at 10:20 p.m.

APPROVAL OF MINUTES: Mr. Hansen asked the committee if there were any corrections or additions to the minutes from the November 10, 1981, Budget Committee meeting. Ted Langton moved the minutes be approved as distributed; Ken Kohnen seconded the motion. The motion passed unanimously.

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ELECTION OF OFFICERS: Mr. Hansen questioned Phyllis Loobey if the District had received John DeWenter's resignation. Ms. Loobey affirmed that the District had received Mr. DeWenter's resignation from the Budget Committee. Mr. Hansen opened election of officers and stated that the following offices needed to be filled: Chairman and Secretary. Nominations for Chairman were opened. Polly Nelson questioned Mr. Hansen if he would have any conflict by running for reelection as Chairman of the Budget Committee. Mr. Hansen stated that there was no conflict with him being on the Committee, but, he felt someone else should be Chairman. A suggestion was made to wait till the April

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Budget Committee meeting to elect officers. Joel Kaplan mentioned that under Ordinance 294.336 (8), the Budget Committee must elect a chairman and secretary at the first meeting. Ted Langton nominated Joel Kaplan for the office of chairman; Richard Hansen seconded the nomination. Mr. Kohnen moved that the nominations be closed and that Mr. Kaplan be voted chairman by consensus vote, Mr. Langton seconded the motion. The motion passed unanimously. Mr. Hansen relinquished the chair to Mr. Kaplan. Mr. Kaplan thanked the committee for electing him chairman. Mr. Kaplan opened the nominations for election of a secretary. Mr. Langton nominated Carol Erbe, Polly Nelson seconded the motion. Mr. Hansen moved the nominations be closed, Mr. Kohnen seconded the motion. The motion passed unanimously to elect Carol Erbe to the position of secretary.

AUDIENCE PARTICIPATION: There was no audience participation.

SUMMARY OF REVENUE AND EXPENDITURES (QUARTERLY BUDGET REVIEW): Mr. Kaplan turned the discussion over to Paul Shinn. Mr. Shinn stated that overall the District has come fairly close to what was budgeted for revenue and expenditures. Mr. Kaplan asked Mr. Shinn if the forecast columns, starting on page 11 of the agenda packet, were the District estimates for the next fiscal year. Mr. Shinn answered yes, and stated that the estimates were based mainly on information that was available up through the end of February. He further mentioned that these estimates would be revised again before the actual budget deliberations begin. Mr. Shinn stated that the two major sources of revenue for the District, fares and the payroll tax, were not as high as anticipated for this year. Fares are forecasted to be about \$500,000 less than budgeted; the major reason for this is that ridership hasn't risen as high as expected after the fare reduction and new service were implemented. Mr. Shinn further added that ridership is coming up, but not as fast as had been hoped. The other major source, the payroll tax, is expected to be about \$135,000 short, the reason for this being the current economic situation in Lane County. These shortages have been made up by the state's in-lieu-of-payroll-tax program, which comes to a \$350,000 budget increase. These funds weren't budgeted as the District didn't know last May that the funds would be available. Concerning expenditures, the outlook is basically the same as revenue. Expenditures will go over the budget in seven out of the twelve categories, but will be enough under in the other categories that overall total expenditures should be within about \$25,000, not counting transfers, contingencies and other items which are not exactly direct expenditures.

Mr. Shinn explained that the net increase in working capital of \$113,145 is a forecast that revenue will be that much higher than expenditures this fiscal year. He further explained that these funds will be placed in the Capital Reserve Fund so that the operating budget will balance out, which is a requirement in order to receive Federal Operating Assistance.

Both Risk Management and Capital Projects have carryover funds from this fiscal year. Consequently, LTD will be able to fund nearly all Capital Projects that had been planned with nearly a \$1 million reserve carried over for next year. This reserve would be used to fund Capital Projects for next year such as the Eugene Mall Transit Site. The Risk Management fund which pays for self-insurance, insurance, and related costs has a forecasted reserve of \$152,256.

Mr. Kaplan questioned Mr. Shinn if the State Operating Assistance Grants would be available for the next fiscal year. Mr. Shinn responded affirmatively to Mr. Kaplan's question but added that there will be considerably less funds in the future.

Mr. Hansen questioned Mr. Shinn if the District was collecting more fare dollars currently than this time last year. Mr. Shinn responded that currently, fare dollars are about \$267,000 less than last year. Mr. Hansen next questioned Mr. Shinn on the figures forecasted and budgeted for Land and Buildings under the Capital Projects Fund. Mr. Shinn responded that the District was still completing property improvements in July and August of 1981 which had been budgeted for fiscal year 1980-81; consequently, there was a carryover of funds from the 1980-81 budget.

QUARTERLY PERFORMANCE OBJECTIVE REVIEW: Mr. Shinn reviewed the table of 10 performance objectives presented in the packet. First, ridership is nearly 21% below the District goal for the first half of the year. He further mentioned that ridership increased in January and February, and is anticipated to continue increasing, but not enough to meet the goal.

Productivity, which is rides per vehicle hour, has exceeded the fiscal year goal of 22.5. This trend is anticipated to continue throughout the rest of the year. Cost per trip was less in the second quarter due to a non-settlement of the District's labor contract and the increase in ridership. Mr. Kaplan asked Mr. Shinn if the Union was working under an old labor agreement and if any retroactive pay was anticipated when an agreement was reached. Mr. Shinn confirmed that the Union was working under an old labor contract and that there was the possibility of retroactive pay. Farebox to Operating Cost ratio is down to 17.3% for the second quarter compared to a goal of 22.8%. Mr. Shinn predicts that this figure will not reach above 20% for the rest of this fiscal year. Concerning the last six items under quarterly performance objectives, Mr. Shinn summarized that they are all meeting the goals set.

FINANCIAL, RIDERSHIP AND PERFORMANCE HISTORY - 1970-82: For the past five years the budget has been adjusted for inflation, Mr. Shinn hoped to continue this procedure for the rest of the year. Under expenditures, by object, Table 2 shows that over the years Personal Services has increased as a proportion of the budget due to large wage increases and inflation of benefit costs. This trend was temporarily reversed in 1981-82 due to contract wage increases which have not been granted. Mr. Shinn explained that Table 3 simply shows the sources for operating revenues. Payroll taxes at 66% are the major source of revenue for the District. Other sources are fares, advertising and the state's in-lieu-of-payroll tax funds. The graph on Table 5 shows ridership growth over LTD's history; the decrease experienced since 1980 is also shown. Table 6, amount of service provided, corresponds with Table 5 in that as the service decreases so does ridership. Mr. Shinn made the comment that the possibility of another service decrease may be needed in 1981-82 in order to balance the budget. The rest of the tables were self-explanatory so no further review was needed.

Mr. Kaplan made the comment, based on the budget process last year, that the two major issues facing the committee would be estimating the payroll taxes and estimating the fare revenue. He further stated that any information that the staff could gather pertaining to these issues would be helpful for the committee.

1982-83 BUDGET PROCESS: Mr. Shinn reviewed the memo in the packet pertaining to the budget process. Basically, the recommendation by the budget officer is to discuss 1/2 of the expenditures at the first budget committee meeting and the other 1/2 at the second meeting. Revenue will be discussed at the 3rd meeting so that plenty of time would be left to review over the process and make changes if necessary. A suggestion was made to discuss revenue at the first meeting. Committee consensus was with this suggestion, Mr. Shinn changed the timeline to reflect the suggestion.

A meeting date preference sheet, which was included in the packet, was requested to be completed by the committee members so that a schedule of budget meetings could be prepared.

Mr. Shinn introduced staff that would be participating in the budget process and assisting the committee.

PRELIMINARY REVENUE ESTIMATES: Mr. Shinn introduced Nancy Matela who gave a review of the revenue estimates. Preliminary forecasts for the 5 categories are as follows: Payroll Tax, \$5,344,000; Passenger Fares, \$1,400,000; Federal Operating Assistance, \$525,000; In-Lieu-of-Payroll-Tax, \$350,000; and Miscellaneous (e.g., Advertising, Charters, Interest Income), \$71,200.

Mr. Hansen asked if the forecast for passenger fares was based on an increase in ridership or an increase in fares. Ms. Matela responded that there was a combination of two factors; one, a slight increase in ridership and two, an assumption that the fares be tied to a transportation/consumer-price index for inflation so that a gradual increase would be achieved rather than a jump.

Total preliminary revenue forecast for fiscal year 1982-83 is \$7,690,200.

DIVISION ACTION PLANS: Included in the packet were the adopted Board goals for the District, plus the division action plans. Mr. Shinn explained that the action plans were included to show the committee exactly what steps each division would take to work toward the goals. The action plans will also be helpful in determining what areas to cut if the need arises.

Mr. Kaplan made a request that each department head have ready a priority list for their respective departments. He further stated that this would aid the committee during deliberations and save time too.

DEPARTMENT OF REVENUE OPINION - CAPITAL PROJECTS FUND: Mr. Shinn explained that last budget period a question arose on whether once the budget committee made an appropriation to the Capital Projects fund, could the Board use any of those funds for operations. A letter was sent to the Department of Revenue to have the question answered. The response from the Department of Revenue was negative. Once funds are appropriated for Capital Projects they will be used for Capital Projects only. Mr. Shinn clarified that there is no problem with the budget committee, during deliberations, moving funds from Capital Projects to the General Fund. Mr. Kaplan asked if a supplemental budget could be used to allow the appropriation. Mr. Shinn responded that no supplemental budget could be used.

BUDGET COMMITTEE ROSTER: Mr. Shinn made the comment that a copy of the budget committee roster is included in the packet. He further commented that one lay-person position is still open, but the position should be filled by the next budget meeting. A copy of the LTD Board members will be given to the committee at the next meeting.

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ADJOURNMENT: Mr. Kaplan asked for final comments or discussion, none were presented. Mr. Hansen moved the meeting be adjourned, Mr. Langton seconded the motion. There were no objections to the motion which passed by consensus.

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Secretary