MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, May 11, 2005

Pursuant to notice given to *The Register-Guard* for publication on April 24, 2005, and May 4, 2005, and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of Lane Transit District (LTD) was held on Wednesday, May 11, 2005, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

	Board Members	Appointed Members
Present:	Susan Ban	Russ Brink
	Debbie Davis	Dwight Collins
	Mike Eyster	Jon Hinds
	David Gant	Dean Huber
	Gerry Gaydos	Charlie Kimball
	Dave Kleger	Maureen Sicotte
	Dean Kortge	Darrel Williams

CALL TO ORDER: Board Vice President Gerry Gaydos called the meeting to order at 6:35 p.m.

INTRODUCTIONS: Members of the Committee, as well as staff, took turns introducing themselves.

ROLL CALL: General Manager Ken Hamm called the roll. The following staff also were present:

Mark Pangborn, Assistant General Manager
Diane Hellekson, Budget Officer
Carol James, Accounting Manager
Todd Lipkin, GL/Grant Accountant
Sam Marra, Director of Maintenance
Stefano Viggiano, Director of Development Services
Mary Neidig, Director of Human Resources
Andy Vobora, Director of Marketing & Communications
Mark Johnson, Director of Transit Operations
Linda Lynch, Government Relations Manager
Steve Parrott, Information Technology Manager
Charlie Simmons, Facilities Services Manager
Connie Bloom Williams, Commuter Solutions Program Manager
Jo Sullivan, Clerk of the Board
Chris Thrasher, Recording Secretary

WELCOME: Mr. Hamm welcomed everyone and thanked all for participating in the budget process.

NOMINATION ELECTION **ELECTION OF OFFICERS**: Mr. Kortge nominated Mr. Brink, seconded by Ms. Sicotte, for the position of Committee Chair. The Committee voted unanimously to elect Mr. Brink as Committee Chair. Mr. Gant nominated Mr. Williams, seconded by Mr. Hinds, for the position of Committee Secretary. The Committee voted unanimously to elect Mr. Williams as Committee Secretary.

PUBLIC COMMENT: Mr. Brink opened the meeting for public comment. There was no public commit, and the public comment session closed.

Motion Vote **APPROVAL OF MINUTES**: Mr. Kleger moved, seconded by Mr. Gaydos, to approve the ıinutes of the April 28, 2004, and April 29, 2004, Budget Committee meetings. Motion was pproved unanimously.

LOGISTICS AND AGENDA REVIEW: Ms. Hellekson welcomed everyone and reviewed the general logistics for the meeting, which included asking questions, meeting times, refreshments, and an emergency phone number.

Ms. Hellekson stated that for public entities, the law requires citizen involvement in budget development. The Budget Committee consisted of seven LTD Board members and seven citizen members. Approval of the proposed budget required a "yes" vote from at least eight members of the Committee. The LTD Board has the authority to amend the approved budget on a limited basis without reconvening the full Committee. Ms. Hellekson noted that the Board would be approving a supplemental budget for FY 2004-05. Once the Budget Committee approves the proposed budget, the LTD Board has until June 30, 2005, to adopt the budget. The adopted budget then would need to be filed with the State of Oregon by July 15, 2005.

The Committee was asked to keep in mind the following meeting goals:

- Are the assumptions valid?
- Given the need for tradeoffs, are proposed priorities appropriate for the short and long term?
- Are resources allocated in accordance with priorities and LTD's mission?
- Are resources used effectively?
- Is the plan prudent?

The PowerPoint presentation for May 11 would include a financial overview, as well as discussion of performance indicators, key issues, the General Fund, and Commuter Solutions Fund. The presentation for the following night would include discussion of the Accessible Services Fund, Capital Improvements Program, Capital Projects Fund, and a budget summary. The Committee would be given ample opportunity for discussion throughout the presentations.

BUDGET PRESENTATION:

Financial Overview. Ms. Hellekson said that there were three budget themes for FY 2005-2006: (1) balance the transportation needs of the present with those of the future, (2) maintain sustainable fixed-route service levels, and (3) assess performance. LTD needs to demonstrate that it can sustain current levels and meet the matching requirements for future grant funds. The District should not have to sacrifice current service in order to pay for the match for capital investments.

Key issues for resources were that tax receipts were up and that economic recovery was slow but positive. Key issues in regard to requirements were the rising operating expenses (new three-year labor agreement) and the need for local match for federal funds (80 percent federal, 20 percent local). The new labor contract with the ATU resulted in a higher annual cost than what was originally proposed. In regards to local match, LTD has a commitment to complete the Franklin EmX Corridor and is actively developing the Pioneer Parkway EmX Corridor, planning for progressive corridor enhancement for fixed-route service, and considering a third EmX corridor.

Recent results showed that payroll tax receipts decreased 1.7 percent in FY 2001-2002, increased .5 percent in FY 2002-2003, and increased 5.6 percent in FY 2003-2004. The estimated payroll tax receipts for FY 2004-2005 were estimated to increase 6 percent, and staff were proposing a 6 percent increase for FY 2005-2006 based on those results. Ms. Hellekson stated that the $18,166,600 estimated payroll tax receipts for FY 2004-2005 did not include the $1.3 million lump sum settlement that was received from the Tax Court case. To include it would skew the year-to-year amounts. The $1.3 million represents a multi-year collection pattern.

Ms. Hellekson showed in a chart that there was a steady build in payroll tax receipts until FY 2001-2002 when the recession hit. At that time, payroll tax receipts dipped and leveled out. Since FY 2002-2003, payroll tax receipts have been on the rise. A comparison chart showed the addition of the $1.3 million lump sum settlement.

Recent results for Personnel Services expenditures showed an 18 FTE reduction in FY 2002-2003 from the previous year and an additional 5 FTE reduction in FY 2003-2004. The proposed increase of 5 FTE for FY 2005-2006 resulted in a total Personnel Services expenditure of $20,899,300. Ms. Hellekson showed in a graph that Personnel Services continued to rise as FTE remained fairly flat. Growth of Personnel Services, particularly in health benefits, was LTD's biggest challenge. Another graph showing the components of Personnel Services—salaries and wages, retirement and pension, and insurance benefits—demonstrated how health benefits steadily rose from 10 percent of total Personnel Services in FY 1995-1996 to a proposed 20 percent in FY 2005-2006.

In a comparison of payroll taxes to Personnel Services, Ms. Hellekson stated that in the years that Personnel Services were below the payroll tax receipts, reserves were built up. In FY 2000-2001, Personnel Services expenditures were equal to payroll tax receipts. Ever since that time, payroll tax receipts have exceeded Personnel Services expenditures. Ms. Hellekson noted in a graph that the slopes of the two lines were similar, which was encouraging.

In the past, interest rates used to be a significant contributor to operating subsidy. After payroll tax receipts and fares, it is the third largest contributor with over $1 million a year. The Local Government Investment Pool (LGIP) rate on December 31, 2000, was 6.5 percent. A year ago it was 1.2 percent. The rate as of May 2, 2005, was 2.84 percent, and an increase was expected for FY 2005-2006.

In regards to performance measure comparisons, Ms. Hellekson referred the Committee to page 132 of the budget notebook for a comparison of operating characteristics of similar transit properties. All FTA-funded properties are required to file a report each October, which is published and audited. Data in the table was compiled from 2003 National Transit Database

(NTD) statistics and compared fixed-route service only. Charts showed how LTD compared to other agencies in the following areas:

- Cost per boarding at $2.71 was below the mean average of $3.17.
- Fare recovery at 19.5 percent was above the mean average of 18.6 percent.
- Cost per vehicle hour at $72 was below the mean average of $76.
- Boardings per vehicle hour at 26.6 was above the mean average of 25.
- Vehicle hours per employee at 980 was above the mean average of 948.
- Average capital per boarding at $0.69 was below the mean average of $0.82.

Ms. Hellekson hoped that during the next year LTD would work toward absolute standards as well.

Direction from the Board during the past year included the following:

- Manage to the terms of the new ATU contract.
- Maintain fixed-route service level.
- Defer implementation of payroll tax rate increase until January 1, 2007.
- Continue annual transfer to Capital Projects Fund.
- Implement Franklin EmX Corridor service.
- Plan for Pioneer Parkway EmX Corridor.
- Pursue progressive corridor enhancement.
- Avoid debt financing.

Discussion. In response to a question from Mr. Collins, Ms. Hellekson stated that increasing ridership is a standing goal. However, there needs to be a balance between demand for service, and existing staff and equipment. Board members, at a work session in April 2005, discussed designing service around productivity issues. For social service reasons, they also approved keeping service that was slated for elimination due to lack of productivity. Mr. Eyster stated that the Board set 20 percent for coverage (social service component) and 80 percent for productivity (getting as many people on buses as possible).

Mr. Hamm stated that resources in the operating budget were designated for marketing and education to promote ridership, e.g., fare incentives, vanpools, carpools, group pass program, help with congestion issues, and free rides to people 70 and older.

Ms. Hellekson referred the Committee to page 123 of the budget notebook for ridership data, including passenger counts per route, boardings per hour, and boardings per route.

Mr. Vobora noted that one third of LTD's ridership turns over each year because of the university and the K-12 program. A large part of the marketing materials was focused on educating that new group of people. Ms. Hellekson noted that ridership has been growing for the last year.

In response to a question from Mr. Kimball, Mr. Vobora explained that the relative standard for routes is two thirds of the system-wide average of boardings per service hour. Express commuter routes tend to be larger than the standard and some social service neighborhood routes are smaller. Mr. Kimball stated that if you compared boardings per route and cost per service, some routes would be higher. In response to a question from Mr. Kimball, Mr. Vobora stated that LTD no longer has a zone system. It was dropped in order to promote ridership and simplicity. However, a premium fare is charged for service to Oakridge.

Strategic Issues. Ms. Hellekson stated the following strategic objectives, which were recently modified:

- Maintain LTD's mission and vision.
- Balance the needs of the present with those of the future.
- Increase local revenue by increasing the payroll tax rate and obtaining financial and in-kind support from local partners.
- Align General Fund expenditures with expected revenues.
- Maintain investment in EmX.
- Invest local dollars in capital projects.
- Maintain service quality and standards.
- Preserve assets.

Long-Range Financial Plan (LRFP) assumptions included the following:

- Payroll tax increase of .0002 effective January 1, 2007, and step increases through 2013

  Ms. Hellekson stated that the Legislature approved a payroll tax increase effective 2004; however, the tax rate could not reach the maximum in less than a 10-year period. The maximum increases the payroll tax rate from .006 to .007. The Board approved step increases of .0002 in 2007, 2008, and 2009, and .0001 in each of the remaining four years.

- Favorable resolution of payroll Tax Court case

- Continued gradual and sustainable improvement in local economy

  The boom in construction has helped both in major public projects and home building.

- Effective control of Personnel Services

- Fuel price increases

- Continued federal support of capital investment

  Assumes that formula funds will continue to be available every year and that discretionary funds in the form of New Starts or Small Starts funds will be available for major projects for LTD.

- Local financial support of transportation capital investment through community partnership participation

A schedule of combined five-year projections for operations resources showed a major increase in payroll tax receipts in Year 2, resulting in a 7.1 percent increase over the prior year. The schedule of combined five-year projections for operations requirements showed Personnel

Services, Materials & Services, Insurance, and Accessible Services/Commuter Solutions numbers climbing, which puts pressure on payroll tax receipts as a subsidy for operations until a new source of revenue is identified.

In a schedule of combined five-year projections operations summary, Ms. Hellekson stated that in FY 2004-2005, the reduction to the operating reserves was estimated to be $196,950 after a $1.246 million transfer to the Capital Projects Fund. In FY 2005-2006, a calculated $2.605 million transfer to the Capital Projects Fund resulted in a $3.282 million reduction to the operating reserves. The latter amount was higher because LTD received discretionary grant funds for the purchase of EmX vehicles and, therefore, did not have to debt finance the vehicles.

In order to balance the need for retaining appropriate reserves, the Board by policy has directed that operating reserves never fall below $3 million. In order to maintain the reserves and defer the payroll tax increase to January 1, 2007, transfer to capital was delayed in FY 2006-2007.

A schedule of combined five-year projections for capital projects included projects associated with the EmX corridors and fleet replacement. More information would be provided the following night.

Discussion. Mr. Collins asked what the previous years' growth patterns were for revenues. Ms. Hellekson stated that we are looking at stronger growth based on the assumption that the economy will improve. She expected a period of gradual but sustained growth over the next 5-8 years.

Mr. Kleger stated that costs were increasing, and traffic was getting more congested. He welcomed suggestions for providing a balance. Mr. Kimball suggested charging more to ride the bus. Mr. Kleger stated that increasing fares oftentimes results in a reduction of ridership, hurting the most needy. Mr. Kimball stated that payroll tax increases put constraints on the economy.

In response to a question from Mr. Williams, Ms. Hellekson believed that in order to start the payroll tax increase, the economy had to show signs of recovery. There was no requirement for economic growth to be sustained.

Mr. Hamm stated that LTD has lowered the payroll tax rate during economic downturns and increased the rate slowly afterwards. Future boards could choose to stop or reverse rate increases.

Mr. Gant asked if there were any national studies that showed the effect of ridership because of increased fuel costs. Mr. Vobora stated that historically fuel availability was the issue, not price. Mr. Pangborn stated that a study of that type would typically be done by a university after the fact.

Ms. Ban stated that poverty has grown and believed that historic data would not necessarily apply to the current situation.

Mr. Kortge stated that we cannot manage the price of fuel, but we can manage health care costs. Mr. Kimball stated that health care costs at Monaco were growing rapidly also and that management was considering an on-site clinic for employees.

General Fund Proposed Budget.

Current-year revenue estimates. Ms. Hellekson stated that tax receipts for payroll taxes were up 6.3 percent over the same time last year, which added an additional $1.1 million to FY 2004-2005 revenues. Tax case receipts to date were $1,371,310. The tax case, involving a challenge by PeaceHealth, was heard by the Oregon Supreme Court on May 4, 2005, but a decision was not rendered. If we should lose, LTD would have to reimburse for interest on the amount owed and for quarterly payments by PeaceHealth since January 2000, which would total more than $2 million. In response to a question from Mr. Williams, Ms. Hellekson stated that typically attorney fees are not awarded.

Even though special services generates a large amount of revenue, there is also an equal amount of expense associated with it. It is not necessarily a net improvement in the operating fund.

Revenue from advertising was improving. In good times, advertising has brought in $500,000 a year. Recent revenue from advertising has been less than half that amount. When the economy weakens, companies reduce advertising. On the flip side, advertising has been more affordable for a more effective way to do outreach.

Interest rates were on the rise, which meant an additional $160,000 in revenues for the current year.

Current-year expenditure estimates. Personnel Services will be over current-year budget by an estimated $731,050 as a result of contract settlement terms and implementation date. Although this is a large amount, it will not require gathering the Budget Committee to approve a supplemental budget in June 2005.

A supplemental budget component will also need to be included for Materials and Services because labor relations legal fees associated with the longer negotiation period was over budget by $125,000, liability claims was over budget by $100,000, and fuel costs were over budget by $339,500. Total amount of the supplemental budget will be in excess of $1 million.

Fuel prices were budgeted at $1.13 per gallon for the current year. The average for the year through April 30, 2005, was $1.53 per gallon. Ms. Hellekson showed in a chart how fuel prices have continued to go up and down; however, the general trend line has been up. A few times fuel prices have been over $2 per gallon.

FY 2005-2006 revenues. Payroll taxes and self-employment taxes were budgeted at a 6 percent increase at $19,256,600 and $1,256,600, respectively. State-in-lieu taxes were budgeted at a 2 percent increase at $1,258,700. Total budgeted payroll-related taxes was $21,772,900. Ms. Hellekson stated that the State of Oregon is exempt from paying taxes but they voluntarily pay local taxes that apply where they have operations. More than half of our state-in-lieu taxes comes from University of Oregon wages; however, that resource is not growing because of wage freezes, etc.

Other budgeted revenue included fares and group passes at $4,709,100, special services and advertising at $857,900, interest at $500,000, and other revenue at $262,380. Factoring in beginning working capital at $7,421,200, revenues totaled $35,523,480.

Over the last ten years, revenue from payroll taxes, fares, and group passes have gradually increased. State-in-lieu and self-employment taxes, as well as other revenue (including advertising and interest), have remained relatively flat.

FY 2004-2005 revenue projections for passenger fares reflected a 3 percent increase over FY 2004-2005 budgeted revenue due primarily to a continued increase in ridership. Cash and monthly pass fares would not increase, but there would be a 2.9 percent increase in group pass rates effective January 1, 2006.

Summary. Ms. Hellekson told the Committee that in the summary tables "actual" was compared with "estimated" and "budget" was compared with "proposed." In reviewing the General Fund Resources Summary, the estimated total resources showed a 5.1 percent increase over the previous year, and the proposed budget versus current-year budget appropriations were up 2.8 percent. Ms. Hellekson noted that the FY 2004-2005 estimated amount for payroll taxes included the windfall from the payroll tax court case.

Ms. Hellekson showed in a pie chart a breakdown of the proposed General Fund revenues: Payroll Taxes, 69 percent; Passenger Fares, 17 percent; Self-Employment Taxes, 4 percent; State-in-Lieu, 4 percent; Other Operating, 4 percent; Interest, 2 percent; and Operating Grants, less than 1 percent.

The General Fund Requirements Summary showed a 15.2 percent increase in estimated current-year expenditures versus actual expenditures for last year. This large increase was due to an increase in Personnel Services and a transfer to capital over no transfer to capital in FY 2003-2004. The proposed budget versus current-year budget was up 2.8 percent, which was the same proposed budget increase for resources.

The budget for Personnel Services changes held total growth of 5.7 percent over FY 2004-2005 estimated expenditures. An annual wage increase was included in the ATU contract, with 1.5 percent given in the current fiscal year and another 1.5 percent to be given January 1, 2006. Administrative employees would receive a 2.5 percent increase on July 1, 2005. FTE changes included adding 3.5 FTE bus operators, .5 FTE training supervisor, and 1 FTE for an information technology technician to service capital technology projects.

Ms. Hellekson stated that the FTE increase for bus operators was due to the adjustment for the new break provision and a .55 percent service increase. The break provision was negotiated because of a ruling by the State of Oregon, which stated that for every 6 hours of work there must be a 30-minute unpaid break. Until this point, this rule never applied to bus operators. LTD's previous ATU contract guaranteed a "straight eight" work schedule for 60 percent of the bus operators. The new ATU contract guaranteed the "straight eight" schedule for 60 percent of the bus operators but included a scheduled 20-minute paid lunch period in which the operator does not work. In response to a question from Mr. Kortge, Ms. Neidig stated that TriMet was challenging the Labor Commission's authority to change the ruling. Oregon law provides for the option to negotiate breaks into labor contracts. Mr. Hamm hoped that the new break provision would relieve health issues for the bus operators and create a healthier workforce.

The training supervisor would be increased from a part-time position to full time because of workload.

Ms. Hellekson noted that the impact of the new ATU contract on Personnel Services was 5.8 percent for the current fiscal year, which was well above the proposed 4 percent; 4.9 percent in FY 2005-2006; and 5.9 percent in FY 2006-2007. Most of the increases were related to benefit costs, including retirement, and not to wages. Wage growth was held to 6 percent over three years with 1.5 percent increases on February 1, 2005; January 1, 2006; July 1, 2006; and January 1, 2007. Adjustments were also made to health care benefits in the following areas: contract employees moved from a managed care plan to a PPO plan with a $400 individual deductible and $1,000 family deductible, prescription co-pays increased from a $6/$15/$20 plan to a $15/$30/$35 plan, contract employees received a voluntary employee beneficiary account (VEBA) of $700 per year, the increase of the premium was capped at 15 percent per year, and a stop loss provision for major catastrophes was added not to exceed $800 per employee per year. Additional information could be found on page 114 of the budget notebook.

In regards to retirement, Ms. Hellekson stated that there was no increase in the salaried plan contribution rate of 13.3 percent of salary for a total of $617,800; however, the ATU plan contribution would increase $.30 per hour to $2.35 per hour for a total of $1,198,800.

The employee health insurance benefit schedule per employee through December 2005 would be $802.81 per month for administrative employees and $829.98 per month for contract employees. Administrative employees received a health reimbursement account of $1,750 per year. Their health care plan had a $1,000 individual deductible, which resulted in lower premiums. The increase to premium was also capped at 15 percent per year.

Ms. Hellekson showed in a pie chart how personnel allocation was distributed by department, with Transit Operations amounting to 69 percent and Maintenance at 14 percent. A total of 83 percent of Personnel Services expenses was directly related to fixed-route service. Other departments, which make up the remaining 17 percent, perform work related to service but are generally considered administrative overhead. Other public organizations are known to have overhead in the 25-30 percent range.

The Materials & Services budget for fuel was $2.10 per gallon, up from $1.13 budgeted for the current year, for a total of $1,841,800. The average price through April 30, 2005, was $1.53 per gallon and the actual price on May 11, 2005, was $1.67 per gallon.

In response to a question from Mr. Gant on how fuel prices are estimated, Mr. Marra stated that staff look at the history of fuel prices and estimate high. Mr. Hamm noted that LTD has the capacity to hold 60,000 gallons of diesel on site. Staff watch the market and buy low when possible. Tanks are replenished every two weeks.

Another pie chart showed the breakdown of Materials & Services appropriations: Maintenance (for fuel and bus parts), 46 percent; Insurance, 16 percent; Transit Operations, 9 percent; Facilities Services, 13 percent; Marketing & Communications, 5 percent; and Other Departments, 11 percent.

Ms. Hellekson showed a pie chart of General Fund appropriations: Personnel Services, 67 percent; Materials & Services, 17 percent; Transfer to Capital, 8 percent; Transfer to Accessible Services & Commuter Solutions, 5 percent; and Insurance & Risk Services, 3 percent.

A number of uncertainties remained for the General Fund: health care and other impacts on Personnel Services growth control, results of Tax Court case, and fuel prices.

In summary, Ms. Hellekson restated that the budget proposal for the General Fund was $35,523,480 in total resources and total requirements, which was a 2.8 percent increase over appropriations for the current year.

Discussion. Ms. Hellekson offered the following points for discussion:

- Revenue assumptions
- Investment in current fixed-route services
- Investment in future fixed-route service in the form of transfer to capital
- Payroll tax rate increase
- Other issues

Mr. Kortge asked for a comparison of projected revenue from the payroll tax increase and projected amount from increase in health insurance benefits for the same year.

Mr. Kimball asked for clarification regarding the elasticity rule. Mr. Vobora stated that for every 10 percent increase in fare, there is typically a 4 percent reduction in ridership. Previously, LTD was never affected because the Board increased fares, in rotation, every year with no negative impact on ridership. During the recession, fares were raised 25 percent and service was cut. LTD realized a drop in ridership at that time, but it was hard to determine what had the most affect on the decreased ridership. Mr. Kimball believed that with the increase in fuel prices, more people would be riding the bus and, therefore, some of the costs could be passed on to the rider by increasing fares. Ms. Hellekson stated that in a comparison with other transit agencies, LTD was typically in the top third in regards to fare structure. She noted, however, that 50 percent of LTD riders are low income. Ms. Ban stated that the Board chose to let fares level out because of the above-mentioned reasons and the recent large fare increases. Mr. Kimball believed that the business community would like to see the riders help pay for cost increases.

In response to a question from Mr. Collins, Ms. Hellekson stated that sustainable fixed-route service relates to the minimum needed to sustain current fixed-route service. In future years it could be enhanced, but not reduced. Mr. Vobora stated that service cuts were realized in 2002 at 9 percent and in 2004 at 4 percent. He noted that the system degrades every year with increased congestion and that revenue is needed to add service each year.

In response to a question from Mr. Gant regarding curbing health care costs, Mr. Kortge stated that education was a key factor.

Mr. Huber believed that current health care plans allowed for frequent doctor visits and stated that in the Board needs to be prepared when selling a payroll tax increase.

Mr. Collins believed increased EmX service would be a justification for increasing the payroll tax, but it would be a hard sell for Cottage Grove residents.

In response to a question from Mr. Collins, Mr. Vobora stated that the tax district is basically the metropolitan area and 2.5 miles from either side of routes. Mr. Collins asked if there was justification in charging more tax to large businesses outside the metropolitan area that receive a limited amount of service. He would like the benefit to match the contribution. Mr. Vobora stated that service is distributed to areas with the greatest needs. Businesses in downtown Eugene have limited parking; whereas, businesses in the outlying areas have more parking, which makes the commute easier and quicker by car. Transit cannot compete. We cannot match service per contribution.

Ms. Sicotte believed that the payroll tax is a "knotty" issue because the nexus between a tax increase and the benefit to an individual makes it more accepting. People need to be convinced, and a farebox increase is easy to understand.

Mr. Kortge stated that the health care benefit for LTD employees was very generous and not typical for the metropolitan area.

Mr. Hinds believed that acceptance would come with progress and enhancements, e.g., shelters and EmX service.

Mr. Williams asked that the Board consider implementing a farebox increase simultaneously with the payroll tax increase.

Mr. Kleger believed that rate increases would not cover increased expenditures. He would like to show an improvement in service in return for revenue increases. During the strike, he heard public support for both sides.

Mr. Collins asked if the Franklin EmX Corridor could be tested before investing funds into future routes. Ms. Ban believed that the Board has basically done so by pushing the third corridor out into the future. EmX was moving forward where there are federal commitments. Mr. Hamm added that the capital pieces were substantially funded by the federal gas tax. Those monies are identified in a transportation bill every six years. We have an opportunity to look at the next bill and potentially fund a large amount of the second EmX corridor.

Commuter Solutions Fund Proposed Budget. Ms. Hellekson stated that programs under the Commuter Solutions Fund included the following:

- Carpool/Vanpool
- Emergency Ride Home Program
- Park & Ride Program
- Gateway Transportation Program
- Coburg Transportation Program
- Congestion Mitigation Program
- Smart Ways to School Program

Total resources and requirements were budget at $537,000, which was 11.2 percent less than the current-year budget.

In addition to the beginning working capital at $20,800 and LTD's contribution of $5,000, these programs receive funding from the Surface Transportation Program, at $446,200; transportation demand management match from other local jurisdictions, at $15,000; Business Energy Tax Credit (BETC), at 28,000; and partnership agencies, at $22,000.

Fund requirements were for projects funded by the State Transportation Program, at $101,100, and RideShare Program, at $355,400, as well as $58,000 for the Smart Ways to School Program, at $58,000; Travel Smart Program, at $17,200; and Contingency, at $5,300.

Ms. Hellekson stated that the new Smart Ways to School Program was a special carpool program tailored to the individual child.

Discussion. Mr. Collin asked for an explanation of the programs. Ms. Williams stated that the most recent project, Congestion Mitigation Program, would provide public outreach and education to prepare the community for the local construction projects, such as I-105, Franklin EmX, I-5/Beltline, and I-5/Coburg. The objective of the program was to encourage people to not drive alone but instead carpool, bus, bike, or use an alternate route. The Group Pass Program consisted of 44 participating groups providing over 48,000 employees with bus passes. Ms. Hellekson stated that the goal of the Commuter Solutions Program was to reduce the number of people in single-occupant vehicles and increase the capacity on existing arterials.

ADJOURNMENT: With no further discussion, the meeting adjourned to 6:30 p.m. on Thursday, May 12, 2005, in the LTD Board Room.

Darrel Williams

Committee Secretary