MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, April 26, 2006

Pursuant to notice given to *The Register-Guard* for publication on April 2, 2006, and April 19, 2006, 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, April 26, 2006, at 6:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

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

CALL TO ORDER: Board President Gerry Gaydos called the meeting to order at 6:34 p.m.

ROLL CALL: General Manager Mark Pangborn called the roll. A quorum of the Committee was present. The following staff also were present:

Mark Pangborn, General Manager
Linda Lynch, Assistant General Manager
Diane Hellekson, Budget Officer
Carol James, Accounting Manager
Todd Lipkin, Grant Administrator
Tom Brush, Interim Director of Maintenance
Stefano Viggiano, Director of Development Services
Mary Neidig, Director of Human Resources
Andy Vobora, Director of Marketing & Communications
Steve Parrott, Information Technology Manager
Sue Quick, Transit Services Manager
Anita Yap, Transit Development Planner
Jo Sullivan, Administrative Services Manager/Clerk of the Board
Chris Thrasher, Recording Secretary

WELCOME AND INTRODUCTIONS: Mr. Pangborn welcomed members of the Committee, and staff introduced themselves. Mr. Pangborn stated that staff would be available to answer questions during the meeting or during breaks.

NOMINATION
ELECTION

ELECTION OF OFFICERS: Mr. Gaydos nominated Mr. Collins, seconded by Mr. Brink, for the position of Committee Chair. The Committee voted unanimously to elect Mr. Collins as Committee Chair. Mr. Gant nominated Mr. Williams for the position of Committee Secretary.

The motion was seconded, and the Committee voted unanimously to elect Mr. Williams as Committee Secretary.

Motion
Vote

APPROVAL OF MINUTES: Mr. Gaydos moved, seconded by Mr. Brink, to approve the minutes of the May 11, 2005, and May 12, 2005, Budget Committee meetings. Motion was approved unanimously.

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

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 consists of seven LTD Board members and seven citizen members. Approval of the proposed budget requires 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 and approve supplemental budgets as has been done in the past. Once the Budget Committee approves the proposed budget, the LTD Board has until June 30, 2006, to adopt the budget. The adopted budget then would be filed with the State of Oregon by July 15, 2006.

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?

Ms. Hellekson stated that the PowerPoint presentation for April 26 would include a financial overview, policy direction from the Board, a look at performance, and discussion of the General Fund. The presentation for the following night would include discussion of the Commuter Solutions Fund, 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 Highlights. Ms. Hellekson stated that in regards to resources, payroll tax receipts were up and economic recovery continued. In terms of requirements, operating expenses were rising, ridership was showing strong growth, and local match money was needed for federal formula and discretionary funds.

Recent results showed that payroll tax receipts increased 0.5 percent in FY 2002-2003, 5.6 percent in FY 2003-2004, and 9.7 percent in FY 2004-2005. The payroll tax receipts for FY 2005-2006 were estimated to increase 10.3 percent, and staff proposed an 8.5 percent increase for FY 2006-2007 based on those results, which resulted in total proposed payroll tax receipts of $22,498,700.

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 lump sum $1.3 million Tax Court case settlement. For the 35 years that LTD has been in existence, the overall trend has been positive, which provided support that LTD can anticipate growth in terms of formulating the Long-Range Financial Plan.

Recent results for Personnel Services expenditures showed a total of 316 FTE in FY 2002-2003, and 311 FTE in FY 2003-2004 and FY 2004-2005. The reduction was a result of service cuts. In FY 2005-2006, the FTE increased to 322, which was a result of hiring bus operators in conjunction with the required service fixes. The proposed budget for FY 2006-2007 added 9 FTE (five bus operators and four administrative positions), which resulted in a total Personnel Services expenditure of $22,653,300. Ms. Hellekson showed in a graph that Personnel Services expenditures were rising faster than FTE as a result of a higher labor contract, health insurance, and retirement expenses.

Another graph showing the components of Personnel Services—salaries and wages, retirement and pension, and insurance benefits—demonstrated that over time retirement and health insurance benefits had grown. In the current year, health insurance leveled off with a zero percent increase January 1, 2006; however, increases in retirement funding were noted due to change in policy direction from the Board and actuarial valuation due to age of employees.

In a comparison of payroll taxes to Personnel Services, Ms. Hellekson stated that Personnel Services as a percentage of operating expenses should be about the same as payroll taxes as a percentage of total resources in support of operations. She showed in a graph that a surplus was created from 1995 through 2000 when Personnel Services were less than payroll tax revenues. However, in FY 2001-2002, FY 2002-2003, and FY 2003-2004, LTD paid down reserves in support of stabilizing fixed-route service. Since that time, payroll tax revenue and Personnel Services expenses have been somewhat equal.

In the past, interest rates were a significant contributor to the operating subsidy. After payroll tax receipts and fares, it was the third largest contributor. LTD invests money in the Local Government Investment Pool (LGIP), a pooled state system for short-term investments. At the end of 2000, interest rates were at 6.5 percent; in March 2004, interest rates dipped to 1.2 percent; and as of April 21, 2006, interest rates were back up to 4.67 percent.

Ms. Hellekson stated that performance measures were compared with similar transit properties using FY 2004-2005 data. Those properties needed to have service levels comparable to LTD and be a university community. Data consisted of fixed-route bus service only. Transit properties chosen for comparison included the following:

- Ann Arbor, Michigan
- Bakersfield, California
- Bellingham, Washington
- Colorado Springs, Colorado

- Fort Collins, Colorado
- Livermore, California
- Olympia, Washington
- Reno, Nevada
- Salem, Oregon
- Santa Cruz, California
- Vancouver, Washington

TriMet was included in the information but was not included in the averages. Charts showed how LTD compared to other agencies in the following areas:

- Cost per boarding at $3.03 was below the mean average of $4.03.
- Cost per service hour at $87.00 was below the mean average of $100.00.
- Cash fare at $1.25 was above the mean average of $1.12, but was in line with four other properties.
- Fare recovery at 17.3 percent was above the mean average of 15.8 percent.
- Boardings per service hour at 28.6 was above the mean average of 25.4.
- Service hours per employee at 919 was above the mean average of 839.
- Average capital spending per boarding at $0.85 was below the mean average of $1.02.

Ms. Hellekson stated that LTD ridership was up 11.5 percent through March over last fiscal year, and the rolling 12-month average was up 9.8 percent. For the first time in history, annual boardings reached over 9 million, with a record 881,907 boardings in October 2005. October is typically the strongest ridership month due to returning UO students; however, it was believed that the new student pass program and increased fuel prices were major contributors to the increased ridership in the current fiscal year.

Ms. Hellekson showed in a graph that ridership trends gradually increased monthly from July 2004 to March 2005, when LTD contract employees went on strike for one week. From that point forward, ridership leveled off until the implementation of the Student Transit Pass, which began in the fall of 2005 and resulted in a steady increase of ridership. In another graph, weekly ridership trends by bid showed increased ridership for Summer, Fall, and Winter Bids over last fiscal year. Ms. Hellekson noted that typically Fall Bid had the most ridership since UO students were returning; however, during the current year Winter Bid had more ridership.

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

- Invest in fixed-route service reliability.
- Invest in fleet maintenance.
- Assure facilities quality and preservation of assets.
- Invest in work force development (training).
- Fully fund both retirement plans over 20 years.
- Conduct a public outreach campaign.
- Implement Franklin EmX corridor service.
- Plan for Pioneer Parkway EmX corridor for 2009.
- Pursue progressive corridor enhancement.
- Consider short- and long-term debt financing.

Discussion. Mr. Gant asked if there was a prediction of how much ridership would increase if gas prices rose to $4 per gallon. Mr. Viggiano stated that ridership was up about 10 percent over last year; the Student Pass Program contributed to 5 percent and other sources (mainly fuel prices) contributed to the other 5 percent. With the $1 per gallon increase in gas prices, LTD saw a 5 percent increase in ridership. Mr. Pangborn noted that in large cities where people do not own cars, studies have shown no effect on ridership. Mr. Viggiano stated that typically the availability of gas forces people to look at alternatives rather than the price of gas.

Mr. Collins asked if there was an impact on cost with increased ridership. Mr. Viggiano stated that a number of routes have experienced overloading. If ridership were to continue to increase, additional service would need to be added. Additional capacity could be achieved by using articulated buses on heavily used routes. Mr. Pangborn stated that additional ridership can require the need to adjust run times, which is an ongoing process.

In response to a question from Mr. Gaydos, Mr. Viggiano stated that EmX is designed to avoid traffic congestion by getting buses out of traffic, and the boarding system is designed to more efficiently board riders with less wait time at stops. The impact of EmX will be broader once additional corridors are built.

Long-Range Financial Plan. Ms. Hellekson stated the following Long-Range Financial Plan (LRFP) assumptions:

- Payroll tax increase of .0002 effective January 1, 2007, and step increases through 2013 when rate reaches .007

  Mr. Collins asked when the tax rate increase would be advertised. Mr. Vobora stated that the Springfield and Eugene Chambers of Commerce have supported and talked about the rate increase with the business community. Information was mailed to all payroll taxpayers regarding a public hearing, in which 100 people asked to be included on a mailing list for additional information.

- Continued gradual and sustainable improvement in the local economy

- Effective control of Personnel Services

- Fuel price stability

- Continued federal support of capital investment (formula and discretionary funds)

  The budget assumed receipt of 60 percent federal financing for the Pioneer Parkway EmX corridor, and assumed that formula funds would continue to be available every year and that discretionary funds in the form of New Starts or Small Starts funds would be available for major projects for LTD.

  In response to a question from Mr. Eyster, Ms. Hellekson believed that it was unlikely that the requirement for local match would be better than 40 percent. Ms. Lynch believed a reasonable assumption was 40 percent and added that the law requires at least 20 percent. In a multi-year agreement, as costs increase, the local share would need to increase because the federal amount would be locked. Mr. Viggiano stated that New Starts funding was predicted to be 60/40 but other funding could be secured for up to 80/20.

- Local financial support of transportation capital investment

A schedule of combined five-year projections for operations resources showed an optimistic growth rate over the next four years until Year 5 in which growth was projected to increase 5.3 percent. Although resources are not appropriated, resources do determine the extent expenses are appropriated. The schedule of combined five-year projections for operations requirements showed 11.7 percent for FY 2006-2007 and in Years 2-5 a projection of 4-5 percent.

In a schedule of combined five-year projections operations summary, Ms. Hellekson stated that in FY 2005-2006, the reduction to the operating reserves was estimated to be $1,444,980. In FY 2006-2007, as well as Years 2-3, there would be no transfer to the Capital Projects Fund because of debt financing that was proposed in the Long-Range Financial Plan and Capital Improvements Program. Deferring or eliminating the typical $2.6 million transfer allowed for support in sustaining or improving fixed-route service.

A schedule of combined five-year projections for capital projects included projects associated with the EmX corridors and fleet replacement.

Discussion. In response to a question from Mr. Collins, Ms. Hellekson stated that staff had predicted a few years ago a steady 5-6 percent growth rate for FY 2006-2007.

Mr. Brink paraphrased that LTD would be spending reserves to maintain fixed-route service rather than transferring funds to capital. Ms. Hellekson added that some of the reserve funds would be used for staff training. Staff also proposed borrowing $8 million in Year 2 for capital match.

General Fund Proposed Budget.

Current-year revenue estimates. Ms. Hellekson stated that payroll tax receipts were up 13 percent over the same time last year, which added $1.5 million to FY 2005-2006 revenues. Contributions to tax receipts came from major construction projects, including PeaceHealth's RiverBend Hospital in Springfield and the new federal courthouse in Eugene, and a one-time collection of $220,000 from a taxpayer in Cottage Grove.

Revenue from passenger fares included an estimated $688,900 from the new Student Transit Pass program, which offset the reduction in cash fares and monthly pass sales. Group pass revenues were up $210,000 or 16 percent over last year; however, the March 2005 labor strike may have affected some comparisons. Over 41,000 employees in the Eugene/Springfield area participate in the group pass program.

A special services rate increase, slowly rising advertising receipts (currently $250,000 per year), and rising interest rates (currently 4.67 percent) were also included in the revenue estimates.

Current-year expenditure estimates. Personnel Services would be under current-year budget by an estimated $150,000 in part due to a zero percent increase in health insurance premiums and from the use of contractual services to cover key open positions. The Board would be asked to approve a supplemental budget of approximately $122,000 in June 2006 to move the appropriation to Materials and Services to cover contractual services.

Fuel prices were budgeted at $2.10 per gallon for the current year, and the average for the year through April 14, 2006, was $2.0742 per gallon. Ms. Hellekson showed in a chart how fuel prices over the past six years have continued to go up and down; however, the general trend line has been up. In response to a question from Mr. Brink, Ms. Hellekson stated that public agencies in Oregon were not allowed to buy futures.

FY 2006-07 revenue projections. Passenger fares were budgeted at $5,193,500, which included $650,000 from the Student Transit Pass program (down from $688,900 last year); a 6 percent increase in group pass rates effective January 1, 2007; a 10 percent increase effective July 1, 2006, for token sales; and a 3 percent increase in other fare revenue due to ridership strength. Ms. Hellekson stated that, historically, only one fare instrument (i.e., cash, tokens, passes) has increased per year in order to give riders an option to help alleviate financial hardships. In response to a question from Mr. Williams, Ms. Hellekson stated that adult cash fare was $1.25, an adult monthly pass was $35.00, and an adult three-month pass was $95.00. The current price of tokens was $5.00 for a pack of five, which would increase to $5.50 for a pack of five on July 1, 2006. She noted that 75 percent of riders use some form of prepaid fare instrument.

Payroll-related taxes were budgeted at $24,913,600, which included an 8 percent increase from last year's employer payroll taxes due to economic growth at $22,128,700 and a .0002 rate increase effective January 1, 2007, at $370,000; a 2 percent increase in self-employment taxes at $1,212,100; and no increase in state-in-lieu taxes at $1,202,800. Ms. Hellekson showed in a table that the approximate annual payroll tax increase would be $50 for a company with an annual payroll of $250,000; $700 for a company with an annual payroll of $3.5 million; and $7,000 for a company with an annual payroll of $35 million.

Other budgeted revenue included special services and advertising at $914,100, interest at $375,000, and miscellaneous at $748,500. Factoring in beginning working capital at $6,413,800, revenue projections for FY 2006-2007 totaled $38,558,500.

In response to a question from Mr. Collins, Ms. Hellekson confirmed that interest earnings were from reserves. Also, federal funding allowed for drawdown immediately before making a payment but those funds could not be used for arbitrage. LTD has typically had the liquidity to front the money. However, the Board has approved interim short-term financing for delivery of $15 million worth of vehicles that would be repaid when the grants become available.

Ms. Hellekson showed in a chart how revenue compared over the last 10 years. Payroll taxes, which are the major subsidy for fixed-route service, had the only steadily increasing positive slope; fares and group passes have climbed more modestly; state-in-lieu and self-employment taxes have remained flat; and other revenue fluctuated because it included interest earnings and advertising, which are affected by market conditions.

Ms. Hellekson stated that neither the budget nor the Long-Range Financial Plan allowed for ridership growth. Mr. Pangborn stated that the budget provided for increased productivity. Mr. Williams stated that Cottage Grove residents were asking for more bus service.

In response to a question from Mr. Collins, Mr. Pangborn stated that when buses are regularly full, either an articulated bus is put on that route or more service is added. Mr. Vobora stated that at Lane Community College, 10-minute service was added at peak times. Ms. Hellekson stated that the single largest component of operating expense is the bus operator; costs are controlled by putting a driver on a larger (articulated) bus.

Mr. Gant asked if it was possible to accelerate the purchase of the five articulated buses. Mr. Brush stated that the manufacturer of the articulated buses was currently on strike in Canada, which could delay acquisition until Summer Bid 2007. He added that at the same time smaller agencies are now utilizing articulated buses, manufacturers are reducing production.

Mr. Collins asked if it was LTD's goal to provide service to all riders. Mr. Viggiano stated that LTD's goal is to leave no one behind, and bus operators will document when a rider is left behind. Trippers (extra buses) are added on routes where the problem is severe and occurs regularly.

Mr. Brink asked if a fully operational EmX system would reduce strain on certain routes because riders were taking feeder buses to the major route. Mr. Viggiano stated that the neighborhood bus capacity was sufficient. The main corridors tend to be busier. Eventually when more EmX corridors are established, we will have a large amount of capacity in the right places along the main corridors.

Mr. Eyster asked what we were doing to look 5-10 years out to anticipate where the growth in the community would occur. Current practice has been to fix the problem areas. Ms. Ban responded that staff were part of the Metropolitan Planning Organization (MPO) that looks at planning through 2050. Mr. Pangborn added that LTD struggles to balance resources currently. Sometimes the Board has to make a decision to reduce coverage to areas with limited ridership.

In response to a question from Mr. Hinds, Ms. Hellekson stated that the purchase of new buses was strictly for replacements.

In response to a question from Mr. Gant, Mr. Pangborn stated that currently articulated buses make up 5 percent of the fleet. With the purchase of EmX vehicles, that number would increase to 16 percent. The old articulated buses that are used for special service events are not considered part of the active fleet because they are not lift equipped and do not meet ADA requirements.

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 an 8.1 percent increase over the previous year, and the proposed budget versus current-year budget appropriations were up 8.5 percent.

Ms. Ban found the trend lines to be helpful and asked for a printout of the tables at the next meeting.

Ms. Hellekson noted that corresponding notebook page numbers were referenced on the presentation slides and a glossary, as well as a comprehensive general information section, were included in the notebook.

In regards to Other Operating Grants, Ms. Hellekson stated that LTD was anticipating a one-time business energy tax credit payment of $200,000 through a special Department of Energy program for the alternate fuel EmX vehicles.

Ms. Hellekson showed in a pie chart a breakdown of the proposed General Fund revenues: Payroll Taxes, 70 percent; Passenger Fares, 16 percent; Self-Employment Taxes, 4 percent; State-in-Lieu, 4 percent; Other Operating, 3 percent; Operating Grants, 2 percent; and Interest, 1 percent. She noted that 78 percent of the operating subsidy is in the form of tax revenue, and at one time interest was at 5 percent.

The General Fund Requirements Summary showed a 14.7 percent increase in estimated current-year expenditures versus actual expenditures for last year. The proposed budget versus current-year budget was up 8.5 percent, which was the same proposed budget increase for resources.

The budget for Personnel Services changes held total growth of 9.2 percent over FY 2005-2006 estimated expenditures. That percentage was attributed to the following factors:

- An annual wage increase included in the ATU contract, with 1.5 percent to be given July 2006 and January 2007. Administrative employees would receive a 3 percent increase on July 1, 2006.

- Addition of five bus operators, which represented a 2.1 percent fixed-route service adjustment; a Transit Operations supervisor; Maintenance supervisor; Facilities specialist; and a training specialist.

- Increased funding of both retirement plans at $255,000 to fully fund in 20 years. The rate of return assumption on investments was reduced from 8 percent to 7.5 percent. The ATU plan increased $.50 per hour for a new rate of $2.85 per hour at a total contribution of $1,468,800. The Administrative Salaried plan increased from 13.3 percent to 16.6 percent of wages for a total contribution of $863,500.

- Employee health insurance benefits per employee through December 2006 included administrative staff at $728.95 per month with a yearly health reimbursement account (HRA) of $1,750 and ATU staff at $829.98 per month with a yearly voluntary employee beneficiary account (VEBA) of $700. Although neither plan increased on January 1, 2006, staff estimated a premium increase of 10 percent on January 1, 2007. The difference between the two plans is that the administrative employees have a higher deductible and maximum out-of-pocket cost per family.

Ms. Hellekson showed in a pie chart how personnel allocation was distributed by department, with Transit Operations amounting to 67 percent and Maintenance at 14 percent. A total of 81 percent of Personnel Services expenses was directly related to fixed-route service. Other departments, which make up the remaining 19 percent, perform work related to service but are generally considered administrative overhead.

The Materials & Services budget for fuel was $2.10 per gallon for 911,400 gallons, for a total of $1,913,940. The average price through March 31, 2006, was $2.07 per gallon and the actual price on April 25, 2006, was $2.41 per gallon.

Ms. Hellekson showed in a pie chart the breakdown of Materials & Services appropriations: Maintenance (for fuel and bus parts), 44 percent; Insurance, 14 percent; Transit Operations (spending approximately $500,000 on security), 8 percent; Facilities Services, 11 percent; Marketing & Communications, 8 percent; and Other Departments, 15 percent.

Another pie chart showed General Fund appropriations: Personnel Services, 71 percent; Materials & Services, 21 percent; Transfer to Accessible Services & Commuter Solutions, 5 percent; and Insurance & Risk Services, 3 percent.

A number of uncertainties remained for the General Fund: fuel prices, EmX and articulated vehicles, EmX service, calendar year 2007 health care increase and other impacts on Personnel Services growth control, and senior staff succession. Ms. Hellekson added that if fuel prices should average $2.25 per gallon instead of the budgeted $2.10 per gallon, there would be an additional cost of $169,600; if $2.50 per gallon, an additional $395,700; and if $3.00 per gallon, an additional $1,017,400.

Mr. Gant predicted that fuel prices would make a significant increase. Ms. Hellekson stated that there would be money in reserves to cover higher-than-budgeted fuel prices and that there was a movement to look at fuel alternatives. The new EmX vehicles would be hybrid-electric powered.

Mr. Brush stated that typically fuel prices increase during the summer months. At the time the budget was created, fuel costs were $1.73 per gallon. Staff started with a $2.25 per gallon fuel budget but backed off to $2.10 per gallon.

Mr. Brink believed that the prices were ever increasing but the spikes were cyclical. The question was how high the spike would go.

The Committee recommended changing the budget to reflect $2.25 per gallon for an additional $170,000.

In regards to delivery of EmX vehicles, Ms. Hellekson stated that New Flyer in Canada was currently on strike; therefore, delivery could be delayed seven weeks, which could affect implementation of EmX service. Service was slated to begin December 17, 2006. The budget assumed that Franklin EmX service would not add any net cost to the General Fund; however, the first six months of service would be a test for expenses such as maintenance and security.

In response to a question from Mr. Collins, Mr. Viggiano stated that there would not be a change in FTE of bus operators for EmX service.

Mr. Pangborn stated that additional service was added to the security and maintenance contracts for EmX.

In regards to senior staff succession, Ms. Hellekson stated that six of the eight senior staff members were over 50 years of age and that two positions were currently being recruited (Director of Maintenance and Assistant General Manager). In addition, the average age of the workforce was 50 years.

In summary, Ms. Hellekson restated that the budget proposal for the General Fund was $38,558,500 in total resources and total requirements, which was an 8.5 percent increase over appropriations for the current year.

Beginning working capital was $7.5 million for FY 2005-2006 and $6.4 million for FY 2006-2007, which included a $2.6 million transfer to the Capital Projects Fund. In FY 2006-2007, there would be no transfer of funds to Capital. The Board is directed by policy to keep $3 million in reserves; any amount above that is money available for contingencies for fuel, etc.

Discussion. In response to a question from Ms. Ban, Ms. Hellekson stated there was a proposal in the Long-Range Financial Plan to spend reserves down to $3 million.

ADJOURNMENT: With no further discussion, the meeting adjourned to 6:30 p.m. on Thursday, April 27, 2006, in the LTD Board Room.

Committee Secretary