

MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, May 20, 2009

Pursuant to notice given to *The Register-Guard* for publication on May 4 and May 13, 2009, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Budget Committee meeting on Wednesday, May 20, 2009, beginning at 6:30 p.m., in the LTD Board Room at 3500 East 17<sup>th</sup> Avenue, Eugene.

	<u>Board Members</u>	<u>Appointed Members</u>
Present:	Mike Eyster, President Mike Dubick Greg Evans Ed Necker Dean Kortge Doris Towery Mark Pangborn, General Manager Kim Young, Minutes Recorder	Peter Davidson, Chair Don Nordin, Secretary Jon Hinds Dwight Collins Kay Metzger Dean Huber
Absent :	Gerry Gaydos	Warren Wong

**CALL TO ORDER**

Mr. Eyster called the meeting of the Lane Transit District Budget Committee to order.

**ROLL CALL**

Mr. Eyster called the roll. The following staff also was present:

Stefano Viggiano, Assistant General Manager  
Diane Hellekson, Budget Officer  
Carol James, Chief Accountant/Internal Auditor  
Todd Lipkin, Financial Services Manager  
Connie Bloom Williams, Transportation Options Program Manager  
George Trauger, Director of Maintenance  
Tom Schwetz, Director of Planning and Development  
David Collier, Human Resources and Risk Management  
Ruth Linoz, Service Planner  
Terry Parker, Accessible Services Program Manager  
Andy Vobora, Director of Service Planning, Accessibility, and Marketing  
Mark Johnson, Director of Transit Operations  
Steve Parrott, Information Technology Manager  
Charlie Simmons, Facilities Services Manager  
Jeanne Schapper, Administrative Services Manager/Clerk of the Board  
Chris Thrasher, Administrative Secretary

Responding to a question from Mr. Evans regarding the potential of forming consortiums with other local government agencies to purchase insurance, services, and goods, Mr. Parrott noted LTD's participation in the Public Agency Network and reported that through that network, local government agencies shared fiber optic infrastructure. Mr. Pangborn indicated that LTD secured its insurance coverage through a pool managed by the Special Districts Association of Oregon. Mr. Evans thought consortiums were a good idea and encouraged that they be organized around common expenses. Mr. Pangborn said that LTD looked into such opportunities whenever possible and took advantage of them if it benefited the agency. Ms. Hellekson noted LTD's participation in a bank consortium for purchasing card programs and the State contracting system.

Ms. Hellekson reviewed a series of strategic assumptions behind the proposed budget.

Mr. Eyster determined from Ms. Hellekson that LTD had the ability to increase the amount of fuel it purchased at lower prices.

Responding to a question from Mr. Davidson about the drop in payroll tax receipts, Ms. Hellekson said she anticipated a 0.6 percent drop in payroll tax receipts from June 30, 2008, to June 30, 2009. She added that LTD had benefited from growth in the health care sector and from local construction projects. Those factors mitigated the impact of local unemployment.

Mr. Collins asked how LTD projected growth in its services. Mr. Lipkin said the only service increase in the budget was from the growth expected in the EmX corridors. The vehicles owned by LTD were commensurate with the anticipated service level. He indicated that LTD anticipated it would accommodate riders with the same number of vehicles but using more articulated buses. Mr. Pangborn concurred about the articulated buses. He did not anticipate adding more service into the community in terms of hours because of a lack of funding. Mr. Collins asked what LTD was doing in regard to expected community growth. Mr. Pangborn said that LTD needed to find a way to get more capacity to serve community growth. Senate Bill 34 could provide an opportunity for the Board of Directors to identify revenue opportunities to add services, but that was not anticipated in the proposed budget.

Mr. Collins asked if LTD was expecting ridership on the first EmX route to continue to grow. Mr. Lipkin said no, adding that he had expected ridership to flatten sooner than it had. Mr. Necker observed that surveys indicated the vast majority of EmX riders were paying a fare at some point in their trip. Ms. Hellekson noted that fare machines would be installed soon at EmX stations and said that staff projected increased fare revenues in the amount it would cost to collect the fares.

Ms. Metzger asked if LTD had experienced an increase in ridership as the population aged. Mr. Vobora said that might be growing due to an aging population but that population was overshadowed by rapid growth in student ridership.

Mr. Lipkin reviewed the General Fund budget. Committee members asked questions clarifying the information presented.

Mr. Evans wondered if LTD had been "draconian enough" in its assumptions related to the economy. He had seen reports that indicated recovery would not occur until late 2012. Mr. Lipkin believed that LTD was in good shape for the future and had some room to absorb additional costs because it was not using all of its reserves now.

Mr. Collins thought the work had been front-loaded, which made it easier for the committee to approve the budget as members were familiar with the numbers and assumptions. He felt good about many of the assumptions and thought the budget looked strong.

Mr. Davidson thought it difficult to predict the future but thought staff had tied down what it did not know.

Mr. Hinds thought that if one showed faith in staff, it would deliver. He commended the conservative budgeting with its look to the future. He said that the community would be way ahead of other communities with the EmX routes.

Mr. Nordin referred to the allocation for the **point2point Solutions** program and questioned the adequacy of LTD's commitment to intermodal transportation funding. He said that it appeared that LTD was thinking like a bus company instead of a transportation company. He commended the Paris bicycle program and asked what entity in the community could support such a program in Eugene-Springfield. He acknowledged he had no details about the program or its funding but people were using the program and the bicycles were prevalent in the streets. Mr. Pangborn said that while LTD was only contributing \$5,000, the entire budget was \$680,000. Local governments were making a significant contribution to the **point2point Solutions** program and the remainder was funded by grant money. He pointed out that the program did not exist 15 years ago and suggested that in the future, there would be more funding. He noted that the Paris program was not funded by the government but by a private corporation so it could advertise on bicycles. He thought the program was a great one and said that those are the kinds of things that staff of the **point2point Solutions** program looked at.

Ms. Towery thanked staff for its work. She said that LTD had an amazing staff team, and she had been impressed by the budget document. She commended staff for its care for the community and the high-quality service it provided.

**MOTION** Mr. Kortge moved that the LTD Budget Committee approve the proposed fiscal year 2009-2010 budget as presented and forward it to the LTD Board of Directors for adoption. Mr. Eyster seconded the motion.

**VOTE** The motion was approved as follows:

AYES: Davidson, Eyster, Metzger, Nordin, Huber, Hinds, Towery, Dubick, Necker,  
Evans, Collins, Kortge

NAYS: None

ABSTENTIONS: None

EXCUSED: None

## ADJOURNMENT

Mr. Davidson adjourned the meeting at 8:58 p.m.

  
\_\_\_\_\_  
Board Secretary

Original  
Signed

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### Board Members

Present: Mike Eyster, President  
Mike Dubick  
Greg Evans  
Ed Necker  
Dean Kortge  
Doris Towery  
Mark Pangborn, General Manager  
Kim Young, Minutes Recorder

### Appointed Members

Peter Davidson, Chair  
Don Nordin, Secretary  
Jon Hinds  
Dwight Collins  
Kay Metzger  
Dean Huber

Absent : Gerry Gaydos

Warren Wong

### **CALL TO ORDER**

Mr. Eyster called the meeting of the Lane Transit District Budget Committee to order.

### **ROLL CALL**

Mr. Eyster called the roll. The following staff also was present:

Stefano Viggiano, Assistant General Manager  
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**WELCOME AND INTRODUCTIONS**

Mr. Pangborn welcomed members and thanked them for their service.

**ELECTION OF OFFICERS**

MOTION Mr. Evans moved to elect Peter Davison as chair and Don Nordin as secretary of the committee. Mr. Kortge provided the second.

VOTE The motion was approved as follows:  
AYES: Davidson, Eyster, Metzger, Nordin, Huber, Hinds, Towery, Dubick, Necker, Evans, Kortge  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: Mr. Collins had not arrived.

**PUBLIC COMMENT**

There was no public comment.

**APPROVAL OF MINUTES OF APRIL 23, 2008**

MOTION Mr. Dubick moved that the committee approve the minutes of April 23, 2008, as presented. Mr. Hinds provided the second.

VOTE The motion was approved as follows:  
AYES: Davidson, Eyster, Metzger, Nordin, Huber, Hinds, Towery, Dubick, Necker, Evans, Kortge  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: Mr. Collins had not arrived.

**FY 2009-2010 PROPOSED BUDGET PRESENTATION**

Mr. Pangborn overviewed the budget process and reviewed the goals of the meeting.

Mr. Pangborn provided a PowerPoint on the budget, first starting with information on boardings, service hours, and performance. The presentation also included comparative data regarding boardings per revenue hour. Copies of presentation charts were provided to the committee.

In response to a question from Ms. Metzger, Mr. Pangborn stated that none of the comparable systems had free fares. He acknowledged that EmX ridership represented 15 percent of all LTD riders but also pointed out that 91 percent of those riders had already paid a fare.

Ms. Hellekson continued the presentation by reviewing the results of the current year, noting better-than expected fuel prices and worse-than-expected payroll tax yields.

(Mr. Collins arrived.)

Ms. Hellekson then reviewed LTD's expenditure controls, which included a reduction in personnel and materials and services.

Responding to a question from Mr. Evans regarding the potential of forming consortiums with other local government agencies to purchase insurance, services, and goods, Mr. Parrott noted LTD's participation in the Public Agency Network and reported that through that network, local government agencies shared fiber optic infrastructure. Mr. Pangborn indicated that LTD secured its insurance coverage through a pool managed by the Special Districts Association of Oregon. Mr. Evans thought consortiums were a good idea and encouraged that they be organized around common expenses. Mr. Pangborn said that LTD looked into such opportunities whenever possible and took advantage of them if it benefited the agency. Ms. Hellekson noted LTD's participation in a bank consortium for purchasing card programs and the State contracting system.

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Mr. Lipkin reviewed the General Fund budget. Committee members asked questions clarifying the information presented.

Mr. Evans wondered if LTD had been "draconian enough" in its assumptions related to the economy. He had seen reports that indicated recovery would not occur until late 2012. Mr. Lipkin believed that LTD was in good shape for the future and had some room to absorb additional costs because it was not using all of its reserves now.

Mr. Lipkin then reviewed the Transportation Options Fund and Medicaid Fund. Members asked questions clarifying the information presented.

Ms. Hellekson completed the presentation by reviewing the Budget Summary. She distributed copies of a staff-proposed motion to approve the budget and invited questions.

Mr. Davidson asked what LTD's current liability would be if it fully funded the pension fund. Ms. Hellekson said the amount has not been recalculated since the Comprehensive Annual Financial Report. Mr. Davidson suggested that if LTD was realizing 1.1 percent on its cash reserves and had a budget of about \$2.1 million to fund the pension plan, the committee consider putting in half that amount instead of the \$700,000 because the interest rates on the bonds within that fund would do better than the current cash. LTD had sufficient cash reserves in working capital to take \$1 million out, and perhaps could dollar-cost average into the market depending on the allocation. Ms. Hellekson concurred. Mr. Kortge pointed out that the downside was that the District would need the money in the future for the local match.

Mr. Pangborn noted that both he and Mr. Kortge were pension trustees, and he recommended that they discuss Mr. Davidson's idea because he thought it a good one. Mr. Kortge noted that the Pension Committee met within the next two weeks, and he agreed it should consider the idea.

Mr. Hinds asked if LTD's community partners would support LTD if it sought funding from Washington. Mr. Pangborn said yes, and described the United Front, a cooperative local government lobbying effort. He added that since the formation of the Federal Transit Administration (FTA), the federal government had been reluctant to fund transit system operating costs. He believed that operational support was both a state and local issue, but because LTD received no operational support from the State, such funding became a local question. He said that LTD's local government partners were nervous about proposals that might affect their taxing sources.

Ms. Towery believed that if all three jurisdictions needed transportation funding, they should work together on that. She acknowledged that the stimulus funding was for one year. She advocated for clear communication to the public about the short-term nature of that funding.

Ms. Metzger said all entities using stimulus money will face the end of that funding, and she did not think people would be surprised that organizations were having budget issue. Ms. Towery thought that LTD needed to talk about it because the County's behavior in regard to jail funding was creating a backlash against government.

Mr. Eyster agreed that LTD risked losing credibility. Ms. Towery suggested that there could be an op-ed opportunity to discuss what changed the funding dynamic and spoke to the jobs saved and the construction jobs created. She thought that was an opportunity to gain LTD good will.

Mr. Dubick thought staff made reasonable and conservative assumptions, and if things changed, the long-range plan would change too because he considered it a "snap shot" in time. He thought the budget represented reasonable assumptions, and he supported moving it forward to the Board. The organization could adjust on the fly to changing economic conditions.

Mr. Eyster agreed and commended staff for its creativity, citing as examples the advance fuel purchase and the work Accessible Services Program Manager Terry Parker had done in shuffling funding sources.

Mr. Collins thought the work had been front-loaded, which made it easier for the committee to approve the budget as members were familiar with the numbers and assumptions. He felt good about many of the assumptions and thought the budget looked strong.

Mr. Davidson thought it difficult to predict the future but thought staff had tied down what it did not know.

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**VOTE** The motion was approved as follows:  
AYES: Davidson, Eyster, Metzger, Nordin, Huber, Hinds, Towery, Dubick, Necker, Evans, Collins, Kortge  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: None

#### **ADJOURNMENT**

Mr. Davidson adjourned the meeting at 8:58 p.m.

  
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Board Secretary