MINUTES OF BUDGET COMMITTEE

LANE TRANSIT DISTRICT

Thursday, May 26, 2011

Pursuant to notice given to *The Register-Guard* for publication on May 18 and May 20, 2011, 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 Thursday, May 26, 2011, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

	Board Members	Appointed Members
Present:	Mike Eyster, President Michael Dubick Ed Necker Doris Towery	Dwight Collins Peter Davidson Jon Hinds Kay Metzger Don Nordin Warren Wong
Absent:	Greg Evans Gary Gillespie Dean Kortge	Edward Gerdes

CALL TO ORDER/ROLL CALL – Mr. Eyster called the meeting to order and called the roll. He noted that Doris Towery would arrive shortly.

MOTION **ELECTION OF OFFICERS** – Mr. Eyster nominated Peter Davidson as chair of the Lane Transit District Budget Committee for FY 2011-2012. Mr. Hinds provided the second.

VOTE Mr. Davidson was elected chair by the following vote:
AYES: Davidson, Dubick, Eyster, Hinds, Metzger, Necker, Nordin, Wong (8)
NAYS: None
ABSTENTIONS: None
EXCUSED: Collins, Evans, Gerdes, Gillespie, Kortge, Towery (6)

Dwight Collins arrived.

Mr. Eyster explained that budget assumptions had been presented previously to the Board. Questions were welcome at this time, along with comments to provide guidance to the Board. He asked Mr. Davidson to proceed as chair of the meeting.

PUBLIC COMMENT – Mr. Davidson invited comments from the public.

Bob Macherioni asked for earlier distribution of meeting handouts. He also hoped answers to previous questions would be addressed before budget approval. He opined the budget as presented was not a transit budget and that the long-term budget was dependent upon unrealistic revenue projections that might not happen. He said the decision to use larger buses could lead to more maintenance needs. The 2008 figures for the pension fund did not show the current shortfall. He requested the Board book both costs and liabilities in the same month, as a regular business would.

Jozef Siekiel-Zdzienicki commented the recently hired general manager should be at this important budget committee meeting.

MOTION **APPROVAL OF MINUTES** – Mr. Dubick moved approval of the May 19, 2010, minutes as written. Mr. Hinds provided the second.

VOTE The minutes were approved as follows:

AYES: Collins, Davidson, Dubick, Eyster, Hinds, Metzger, Necker, Nordin, Wong (9)
NAYS: None
ABSTENTIONS: None
EXCUSED: Evans, Gerdes, Gillespie, Kortge, Towery (5)

Budget Committee members introduced themselves and gave brief background statements. Introductions continued from those in attendance around the room.

FY 2011-2012 PROPOSED BUDGET PRESENTATION

Overview – Director of Finance & Information Technology Diane Hellekson provided a summary of the budget. She noted that the Board and some of the citizen members of the committee had been apprised of budget assumptions in previous meetings. The fuel assumption was the only assumption revised. She requested that the committee determine if it would take action at the meeting and if so, provide sufficient opportunity for comments from members prior to any vote.

Mr. Necker pointed out the following discrepancies in the *LTD Road Map* in the proposed budget notebook: Page 53, the Strategic Plan still referred to The Breeze, which was discontinued, and on page 65 tokens were mentioned, and in fact, they were no longer in use on the LTD system.

Ms Hellekson said the Breeze was still mentioned in the document because of the long-range nature of the plan. She thanked Mr. Necker, noting the mention of the now obsolete tokens, and said that would be corrected.

Ms. Hellekson described the Budget Committee broad membership, including the citizen members of the Budget Committee, and their role. The LTD Budget Committee must approve the budget by a vote of no less than eight of the fourteen members present in order to have majority and quorum. Correcting mistakes, such as the reference to tokens, and fine-tuning were the only changes allowed this late in the process. She said last year's accomplishments included completing the Gateway EmX Extension, signing a one-year labor agreement and continuing the bargaining process, adding five hybrid articulated buses to the fleet, completing the re-design of the University of Oregon Station North, Gateway SmartTrips, and RideSource Call Center improvements. The Long-Range Transit Plan was in development, and a new general manager was hired.

Ms. Hellekson continued with the priorities for FY 2011-12, with providing high-quality service first on the list. LTD expected to implement a new employee retirement plan, finalize a new labor agreement, and complete the Small Starts/environmental process for the West Eugene EmX

Extension, as well as add twenty-four 40-foot hybrid-electric buses to the fleet, remodel the University of Oregon Station North, implement new programs, and complete long-range plans.

Ms. Hellekson presented slides of comparable performance statistics. Selection criteria for the comparison properties were cities with fixed-route service and comparable service levels that also had a university community. As shown by the history of boardings, the rate of growth was slow and steady. She noted 2010 census data was not reflected yet in the population charts used for this budget; those numbers would be used next year. Both population and public transit use was trending upward since FY 2002-03. The budget expected a modest uptick again next year. Service hours showed the affect of the recession, with more boardings and a huge increase in productivity.

In response to a question from Mr. Eyster, Ms. Hellekson said the added service in the Gateway corridor contributed to the increase.

Mr. Necker asked about boardings per revenue hour and LTD's cost compared to other districts. Ms. Hellekson explained that LTD had the most productive system in boardings per hour, compared to other peer cities, and the cost per boarding was lower in part because LTD kept productivity high by investing in quality of service. TriMet was not included as a comparable.

Mr. Collins asked if the larger buses were a factor. He opined we were being more efficient in serving people with these investments. Director of Service Planning, Accessibility, and Marketing Andy Vobora concurred and said the system redesign was also a factor. He noted many of the commuter buses were full. Newer and larger buses were more efficient and had more capacity. Irregardless of size, the highest cost on any route was the bus operator, so larger buses were more productive and had a better cost per ride. As newer buses replaced the old ones throughout the system, and as better response to the peak-hour demand was planned, greater capacity was realized. Ms. Hellekson added that the belief that smaller buses were cheaper to operate was erroneous; in fact larger and newer buses were generally more efficient.

Mr. Hinds agreed it was a better commute with the larger buses. On the route he uses, it used to be that two buses were needed at rush hour. Now with the increased capacity on the articulated buses to 57 instead of 40 people per trip, it was more efficient.

Ms. Hellekson explained the new format for the budget presentation and how the charts were consistent with the text and tables. Typically, the comparison was one year's budget to the next, and actuals to actuals. The new format compared last year's budget to next year's estimate, showing the estimate change and the percentage change also. This was a better report card for how accurate the budget was going to be. The color coding on the columns in the charts followed through the entire budget notebook, and the charts and numbers, plus the graphic displays, should work for everyone by showing the information in different ways.

General Fund – Ms. Hellekson began with the estimate for passenger fares. She said the assumption that the service cuts would have an effect on ridership had been erroneous. The trial use of vending stations for EmX fare collection was implemented last year and was proving to be successful. The vending machines were initially installed on the EmX line and would be added throughout the system in the next year. That improved the process by keeping the money at the station, not on the buses. The shift to an armored car company under contract for servicing the vending machines throughout the system would add to administration costs; however, the revenue would also increase. The Business Energy Tax Credit (BETC) program at the state level had provided a bus pass for all middle and high school students in Oregon, and that enormously successful program would sunset. Funding would continue through most of next year, then it would discontinue, resulting in a loss of $1.3 million. Some sort of student transit pass program should be considered.

Mr. Collins asked if the ticket vending machines were working as expected. Information Technology Manager Steve Parrott replied that they were working out better than expected and in fact it was a cost-effective and efficient program.

Mr. Eyster asked how many more cars would be on the roads from the loss of the BETC-funded program. Mr. Vobora said that some type of pass was still needed, and it would be a challenge to find a way to replace BETC funding. One thousand passes were sold before the program funding ended, so those passes would be honored. Eugene School District 4J was required to provide passes to some 4J students, as they had no bus service. He noted a goal of the BETC program was to directly reduce the twice-daily automobile drop offs around schools. Transportation Options Manager Theresa Brand added that 25,000 students in grades 6 through 12 were eligible for the BETC passes; so even if half needed to be driven, that was a significant number of trips.

Ms. Hellekson described the District's revenues in terms of taxes and other receipts. State statute provided for some tax districts to pay flat rate in lieu of paying payroll taxes. The local economy was slowly improving, and this was the first year revenues were better than expected. In the Board's strategic work sessions during the past year, a 3 percent improvement was assumed; that was adjusted to 2 percent in the proposed budget and included another rate increase in January 2012. The self-employment tax was proposed to increase, even with an assumption of lower revenue. Payroll taxes showed the effects of the recession, but this category was predicted to rise slowly.

Mr. Wong asked if it was possible to tax local governments. Ms. Hellekson explained it was not allowed under an LTD ordinance that prohibited taxation of local governments, although TriMet did.

Mr. Wong suggested revisiting that revenue opportunity in future discussions.

Ms. Hellekson continued with Grant and Other Funds, noting there was a federal formula that contributed to the high estimate for Preventive Maintenance. Last year, $21.5 million in grants was applied for and $8 million in total was received, which supported acquisition of an additional nine vehicles. An increase in formula funds was expected next year, but both funding streams of the Surface Transportation Program-Urban (STP-U) program were flat. Fleet statistics were shared for the last 12 months.

Mr. Eyster noted the maintenance budget seemed to be going up and asked if it would level off with the continued purchase of newer vehicles. Finance Manager Todd Lipkin responded by saying increases in fuel and petroleum product costs (oil, lubricants, etc.) affect the maintenance budget greatly and recent fluctuations continued to make costs rise. Other costs in preventive maintenance that had seen increases include delivery of parts and cost of those parts, affected by technology. Computer parts were expensive to replace and the fleet used computers extensively.

Mr. Nordin asked if there was a price break on the purchase of extra buses. Ms. Hellekson said it was assumed the cost for buses was always cheaper today than tomorrow and that from the perspective of the manufacturer nine buses was not considered a big purchase; therefore, no price break was offered.

Mr. Davidson asked if there were cost savings in miles per gallon with use of the new hybrid-electric buses. Mr. Lipkin explained a straightforward comparison was difficult due to differences such as the standard diesel buses being different sizes than the new EmX hybrid-electric articulated buses. They got the same miles per gallon, but their duty cycles were so different that miles per gallon would likely change if the buses were substituted, making a comparison difficult. Engine sizes and types also were difficult to compare and maintenance costs for new vehicles could be 25-30 percent higher. Adding space to the maintenance buildings to service those buses would also be a future cost. The EmX buses got 2.9 or 3 miles per gallon.

Mr. Hinds asked about the long-range planning for the mix of bus sizes necessary to serve future needs on routes that he was familiar with. He asked how it was determined which were the most efficient and best buses to purchase now for future needs and whether the articulated hybrid-electric buses with larger capacity would be the best investment. Mr. Vobora responded by noting the larger space needs, technology needs, and street design necessary to allow the longer articulated buses access could be limitations that determine a smaller bus could be the best fit for some routes, even in the future.

Mr. Nordin asked if the new added service bays for the articulated buses were adequate. Staff responded that the future total estimate was for 40 EmX vehicles to be added to the fleet. With that number, additional service bays with hoists and other features would be needed for the maintenance of those larger buses.

Mr. Dubick observed that if service needs change, whether as described here or in an unforeseen way, the Board would respond by developing an amendment and changing the service plan.

Mr. Hinds noted the federal funds do not dictate the fleet purchase priorities of the District.

Ms. Hellekson continued with the point2point Solutions dedicated revenue that went to the General Fund last year and noted that these funds balance out. Other funds include service transportation money, determined by the state and local jurisdiction contributions, and special projects funds, which show a spike due to new grant funds received.

Mr. Necker asked for clarification of the Metropolitan Planning Organization (MPO) dollar allocation. Ms. Hellekson explained the STP-U funds were distributed by the MPO. The other revenue shown included special services, interest, other funds, and advertising, which had increased during the recession. Special services included UO football game shuttles, Country Fair shuttle, and other events. When there were private carriers that bid on providing bus service, LTD cannot compete with those carriers, so the level of service provided by the private sector fluctuated. When an out-of-state company was awarded a service contract, LTD often provided support such as logistics and route information as the local firm with that knowledge.

Mr. Vobora added that there was increasing private sector interest in providing bus service, but the interest tended to fluctuate. The 2012 Olympic Trials, for example, would be served privately, and LTD would provide logistic and timetable support on a fee-for-services basis.

Ms. Hellekson returned to the graphs and said interest rate of return was negligible and other funds fluctuate. That category included the sale of assets such as surplus vehicles and an unusually high SAIF dividend and unemployment refund. Turning to the General Fund revenue, she said payroll taxes and preventive maintenance had come down, while passenger fares remain the same budget percentage over the years, at approximately 18 percent. Personnel services included a freeze on administration wages and the implementation of furlough days this year for all administrative staff, which helped keep personnel services costs down.

The Amalgamated Transit Union agreed to a one-year contract last year, which would expire in June 2011. An extension to the current wage freeze was budgeted, but would be part of union bargaining in this round and, therefore, was not guaranteed. The ATU participated in the Strategic Planning Session held in December 2010. The actuarial recommendation was updated in 2010, and the budgeted contribution included an additional 10 percent to reduce the unfunded liability. Eventually a two-tier benefits system would replace the current plan, which would improve costs and provide savings in the cost of future pensions as the staff moved from one plan to the other and people retired. The cost might be higher initially, but returns would be realized. Bargaining would include medical contribution costs, expected to increase over time.

Mr. Eyster asked how the District compared to other public agencies and whether other public pension plans had unfunded liabilities. Ms. Hellekson said the last actuarial analysis of the Administrative Plan was done in 2009, and there have been many changes since then, so an update was scheduled for 2011.

Director of Human Resources and Risk Management Mary Adams added the statistics from the National Transit Database showed the majority of plans were funded at around 80 percent, with some as low as 50 percent; those were primarily state governments, not special service districts. Some were just covering payouts each month. LTD was facing the same circumstances due to the investment market, although improvements were beginning.

Ms. Metzger asked about administrative employees having a set wage scale and whether the annual performance evaluations lead to promotions. Ms. Hellekson stated that raises were based upon successful evaluations, up to the top of the applicable wage scale. The future of benefits to employees would be dramatically restructured, but to keep high-quality service, LTD needed to consider keeping a competitive package in order to hire quality employees. Pension contributions and medical plan rates continued to be a high cost per month for all employees, ATU and administrative. Changes were needed and the Board continued to look at options, all with a defined contribution. The Board Human Resources Committee and the full Board had discussed different plans, and in June at a Board work session the three models would be reviewed in depth. Some type of a three-part pension plan would be the employee benefit of the future, with a higher cost sharing for employees.

Mr. Dubick provided further explanation of the choices and models facing the Board.

Mr. Hinds asked if any modeling of the actuarials was scheduled, and how that might impact the percentage going into salary.

Mr. Eyster asked what the percentage was now and whether there were increased payouts recently.

Ms. Adams explained that the ATU contributions were based on years of service and that employees can take the retirement payout several ways. The pool of money was a two-part plan for administrative employees, including a defined contribution plan calculated by using a multiplier, times a factor, which meant an employee with a higher salary received a higher retirement pension. As far as increases, there were no requirements for retirees to receive regular cost-of-living allowances (COLAs) and there had been no increases in monthly payouts for some time.

Ms. Hellekson reviewed the medical plan rates, which were expected to be the same cost per employee throughout the organization through 2012. This was not a given, and was a high investment, so consideration of whether it should be reduced would be a major piece to the contract this coming year, and LTD was subject to binding arbitration, so caution was advised.

Ms. Adams suggested that the bargaining process brought out priorities for both sides, and it was important to consider the needs and productivity of all working employees.

Mr. Wong asked if retirees contributed anything to their medical premiums and what the effect of an employment level rate increase might be. Ms. Adams replied that it has been a while since the last insurance renewal cycle, so there had not been a 20 percent reduction in utilization in the plan. There had been a 5-8 percent premium increase, but there was time left to move to a higher wellness program for employees to improve costs. Retirees had always had a subsidy provided to their health care costs. Currently, the rate was $250 per month, with the requirement to stay on LTD's health plan until Medicare eligible, and upon reaching Medicare age, the subsidy goes down to $125 per month per person.

Ms. Hellekson explained the FTE department allocation and Materials and Services budgets, noting extensive fluctuations in fuel costs, which might go down this summer. Other areas increased costs resulted from changes in the reporting of contracts and purchasing of paper products, for example.

Ms. Towery joined the meeting.

Ms. Hellekson continued with the Insurance and Risk budget, which was decreased due to budgeted layoffs that did not happen that would have increased unemployment benefit costs. Attrition and retirements helped those areas and the net effect was positive. General insurance was flat. Vehicle liability was going up with the new vehicle purchases. Transfers to other funds, from special services and projects resulted from changed expectations. The additional EmX fleet purchases were realized from transfer of funds from the Capital Projects Fund.

Accessible Services Fund

Finance Manager Todd Lipkin presented the accessible services in the General Fund, noting the upcoming BETC program sunset had kept the District from transferring funds for those categories in the past. The skyrocketing expenses were mandated services to adults with disabilities and a necessary part of the General Fund percentage.

Mr. Collins agreed the looming loss of funds and continuing rise in costs had been a big concern over the last five years. He asked for more on the projections in this category.

Mr. Lipkin explained the accessible services funds had decreased and the District had been creative by employing strategies such as using discretionary federal funds for eligible disabled accessible vehicles. He explained there would be increased service needs as baby boomers aged and demand on the budget would be rising.

Mr. Dubick noted the efficiencies gained at the call center with the one-stop service had been very effective in reducing cost to run, which was another factor in the budget.

Mr. Lipkin continued with accessible services and the fiscal impact these had on the proposed budget. Other than the transfer fund, these funds were dedicated service programs for people with disabilities under the federal Americans with Disabilities Act (ADA) and were required to be provided countywide. RideSource, rural services to Florence, South Lane County and Oakridge, and special transport services were provided. The Eugene-Springfield metro area was the core area for services. As noted previously, the highest cost of service was the driver, and the increase in demand was estimated at 5 percent for next year.

Accessible Services Manager Terry Parker said that consistent demand increases of average 4.3 percent per year in the past supported this estimate.

Mr. Lipkin explained these funds were pass-through funds, not general funds, and had no effect on the fixed-route service. Services to South Lane Wheels included a transferred responsibility to Cottage Grove for the pass-through portion of the program, while LTD maintained responsibility for fleet maintenance under state guidelines for local control of coordinated programs. The RideSource funds for Oakridge and Florence services still flowed through LTD, and the budget reflected the state allocation total; if needs were actually lower all of the funds might not be used. Mobility Management included staffing and the federal funds for these special programs, but no general funds. The coordinated in-person assessment program to match needs with services was fully operational now.

Ms. Parker explained that LTD contracted with two agencies--Senior and Disabled Services and Alternative Work Concepts--to implement programs providing accessibility to people with special needs. LTD's program was designed to provide a friendlier and more accurate single assessment of the best transportation mode for individuals eligible for multiple programs. Training for staff on understanding of the new program and program development has improved the program's one-stop concept in the mobility ride center. Now people come to one place for a non-bureaucratic, successful contact that was a model for other areas.

Ms. Metzger said, as Director of Senior and Disabled Services, she sees excellent service being provided by the program.

Mr. Lipkin explained that the agency coordination was funded by a General Fund transfer for increasing monitoring efforts for federal compliance. He noted that state funds were dependent on the cigarette tax, which continued to decline as smoking goes down. The loss of State Transportation Fund money was a large decrease, and the federal level of funding was also reduced by 6.3 percent for next year. A certain number of trips for work was funded and the New

Freedom program, which funded programs above and beyond the basic ADA requirements, funded the assessment program and call center upgrades. The previous discussion of the loss of the BETC program was reflected in these graphs and would result in a General Fund transfer increase in the future, if the state legislature does not come up with replacement funding for this program.

Medicaid Fund

Mr. Lipkin continued with the Medicaid program, noting it was countywide in scope and included under the Accessible Services Fund, but budgeted separately for federal reporting requirements. The non-medical portion was provided for elders to stay in their homes instead of entering nursing facilities when transportation needs can be met under a Department of Human Services (DHS)-approved care plan, and a mobility management assessment was developed to separate the Medicaid portion. The cost model used by LTD to allocate costs between program and federal/state/local levels was a good model approved by DHS. The allocation model showed resources and funds, including local match where required, and was a community-wide program managed by Ms. Parker. All grant and other funds were tracked and allocated.

Capital Projects Fund

Mr. Lipkin reviewed the Capital Projects Fund, including the new University of Oregon Station North redesign project on Kincaid Street, which included passenger loading area upgrades and seven independent pull-out bays. Contracts for construction were underway.

Mr. Vobora added that the City of Eugene was concurrently contracting with Wildish Construction for adjacent street improvements and the goal for staff of both entities was coordinating for efficiencies between the street and bus station improvements this summer. Contract work would begin in June and construction bids had come in low.

Mr. Lipkin explained some capital projects budgeted in previous years were shown in this year, as they were multi-year projects. He noted investments in greenhouse gas emission reductions were budgeted and the plan assumed grant funding would be received for the projects shown; adjustments, if necessary, would be made as construction progressed.

Mr. Nordin asked why the beginning working capital amount was different. Mr. Lipkin explained the assumed revenues that were received in FY 2009-10 were estimated too high and reconfigured in FY 2010-11, when not as much revenue was booked in that year. It was not a project loss, but more a timing of the projects. Assumptions in FY 2011-12 included receipt of federal funds, formulas staying the same as shown on the summary and continued spending of all the stimulus funds received.

Summary

Ms. Hellekson summarized the $94,466,400 budget as follows and asked for comments and general discussion by the Board prior to considering adopting the budget:

- General Fund $48,897,300
- Accessible Services Fund $6,186,800
- Medicaid Fund $5,055,300
- Capital Projects Fund $34,327,000

Ms. Hellekson said an area for discussion this coming year was an appropriate reserve policy. LTD had revised the reserve policy in the past and might consider that again. She explained that multi-year project funds got allocated into the first year's budget, and then were appropriated out through each of the years of the project as a running total, not added on each year.

In response to a question from Ms. Metzger, Ms. Parker said the Medicaid services increase helped with the increase in demand, and there was an expectation for continuing increase in demand for some, if not all programs, with or without the federal funds.

Mr. Davidson called for general discussion and a polling of the Committee prior to considering adoption of the budget.

COMMITTEE DISCUSSION

Mr. Hinds opined LTD staff provided the highest level of service last year and commended their work on the budget. He said having the flexibility to add back service to areas that were cut was forward-thinking, and staff deserved a pat on the back. The ability to add services in these difficult times was unlike any other transit district around the country.

Mr. Necker concurred, noting there was really a service redesign, not necessarily a cut, since the staff looked very seriously at maintaining coverage where it existed while dealing with reduced funding and changing mandates.

POLLING OF COMMITTEE MEMBERS

Mr. Wong provided commendation to the staff and said this was an outstanding budget and reflected Board direction and suggestions from the Budget Committee. The color coding helped in the presentation. He noted this was a conservative budget, with unknown variables such as the economy, fuel prices, and results of the upcoming union negotiations. He cautioned the Board on freezing administrative salaries, and felt it was prudent the Board and staff were being proactive on health plans and pension plans in order to attract quality future employees.

Mr. Eyster said the budget was a plan and a prediction. This was a reasonable plan, with conservative aspects to it, and when adjustments were needed, no matter in which direction, there was the ability to adjust the plan. He agreed the approach to the issue of pensions was reasonable and responsible, and that LTD was not yet in a crisis mode so there was time for discussion.

Mr. Hinds noted it was a conservative budget, with outlays in economy that allowed for adjustments. He said it was a safe plan, not frivolous. He agreed it was no longer prudent to be increasing the pension every time we do the budget, so reviewing that was good and getting control of a new pension plan was very smart.

Mr. Davidson said there were many challenges, and staff had done an admirable job managing through a tough economic time with projections of reasonable fluctuations on the revenue stream and the capability to handle changes. He was supportive of the financially realistic budget and noted there were significant areas of variation. He supported the plan.

Mr. Nordin agreed with previous comments from members and added he gained a sense of hope from Former General Manager Mark Pangborn's letter to the Committee upon his retirement. He said he saw no surprises in the budget and it was reasonable. He noted the next time the Committee met it would be with a new general manager and new challenges.

Mr. Dubick said staff had spent much time on the budget and was very good at responding to direction and suggestions. He saw no surprises and agreed it was a reasonable budget that he could support.

Mr. Collins commended the staff and administration for their work over the last couple of years in managing the budget. He saw increases due to organizational strengths and remembered payroll adjustments were given up to make the budget work. Going into the future, he anticipated heavier ridership needs while still holding back on facility costs would be the challenge. The staff was being realistic with accomplishments, maintaining the fleet and efficiency in ridership, and it was paying off in this budget year. Some transfers had been in the past a huge burden and this year the staff was able to look beyond and accept it, and there was a good plan for that money.

Ms. Towery echoed the previous statements of support for the budget and agreed the staff did an exceptional job. The budget process with discussions over many meetings, and the conversations that continued throughout the year, allowed the Board and Committee to make thoughtful and reasonable adjustments. She was glad this year did not include painful cuts and was encouraged about the service to the ridership. Testimonials had been received on the ability to deliver the high-quality service and attract more riders. She added the pension discussion was an area of great concern, and the furloughs were adequate as a short-term fix, but not a long-term solution. She cautioned that getting behind in the market was not good for attracting quality employees, as she saw while on the General Manager Recruitment Committee.

Ms. Metzger said the budget was understandable, and what struck her was the juggle between personnel costs and maintenance costs. Those were difficult decisions, and the budget process had been very helpful in making them. She appreciated being able to consider not just what was good for bottom line but also the impact on community and riders. She also encouraged entering negotiations and encouraging employees' participation with health insurance plans, noting local governments and service districts were going that way.

Mr. Necker agreed with members' comments. He offered special thanks to Ms. Parker for her ability to find grants and deliver on the programs for special services and thanked all staff for the excellent budget. He further commended staff for not being reluctant about contacting the Board to request adjustments and felt and this was a reasonable budget.

MOTION **APPROVAL OF BUDGET** – Mr. Hinds moved that the LTD Budget Committee approve the proposed Fiscal Year 2011-2012 budget as presented and forward it to the LTD Board of Directors for adoption. Mr. Necker provided the second.

VOTE The motion was approved as follows:

AYES: Collins, Davidson, Dubick, Eyster, Hinds, Metzger, Necker, Nordin, Towery, Wong (10)
NAYS: None
ABSTENTIONS: None
EXCUSED: Evans, Gerdes, Gillespie, Kortge (4)

Mr. Eyster requested the committee nominate and elect a secretary.

MOTION **ELECTION OF SECRETARY** – Mr. Dubick nominated Warren Wong as secretary of the Lane Transit District Budget Committee for FY 2011-2012. Mr. Hinds provided the second.

VOTE Mr. Wong was elected secretary by the following vote:

AYES: Collins, Davidson, Dubick, Eyster, Hinds, Metzger, Necker, Nordin, Towery, Wong (10)
NAYS: None
ABSTENTIONS: None
EXCUSED: Evans, Gerdes, Gillespie, Kortge (4)

ADJOURNMENT

Mr. Eyster adjourned the meeting at 8:03 p.m.

Budget Committee Secretary

(Recorded by Stephanie Schultz, minutes recorder)

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