

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

April 11, 2013

Pursuant to notice given to *The Register-Guard* for publication on April 9, 2013, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Finance Committee was held on April 11, 2013, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Mike Dubick, Ed Necker, Carl Yeh

CALL TO ORDER – Mr. Dubick, chair of the committee, called the meeting to order at 4:00 p.m.

ROLL CALL – All committee members were present. The following LTD staff also was present: Diane Hellekson, Carol James, Todd Lipkin, Mary Adams, Andy Vobora, and Chris Thrasher. Bob Macherione, 1994 Brewer, Eugene, was in attendance.

MINUTES – Minutes from the December 19, 2012, meeting of the Board Finance Committee were approved by unanimous vote.

REVISED LONG-RANGE FINANCIAL PLAN – Ms. Hellekson, director of finance and information technology, stated that with nine months of data collected for the year, staff has updated the Long-Range Financial Plan (LRFP) assumptions for the committee's review. Although he was not able to attend the meeting, General Manager Ron Kilcoyne was an active participant in development of the LRFP.

The following handouts were distributed:

- Draft FY 2014-23 Long-Range Financial Plan Assumptions
- Draft FY 2014-23 Long-Range Financial Plan
- Proposed Position Additions

Ms. Hellekson stated that the LRFP is organized into three sections: revenues, expenditures, and reserves. She explained that the reserves are based on policy that consists of \$1 million in current working capital, \$1 million in future year working capital, and \$1 million in self-insurance. The Board Finance Committee had reviewed the Reserve Policy at its December 19, 2012, meeting and did not recommend any changes.

In response to a question from Mr. Necker, Ms. Hellekson stated that reserves have remained at the required level since the last recession by backfilling with formula funds, which were used for preventive maintenance. Mr. Lipkin, finance manager, noted that the beginning working capital for FY 2012-13 was budgeted at \$10.3 million. By FY 2016-17, reserves would be spent down to \$3 million.

Mr. Lipkin reviewed the LRFP assumptions with the committee. He noted that staff tended to be conservative low for revenue projections and conservative high for expenditure projections.

Revenues:

- Fares show a reduction from budget to estimate, which could be contributed to a slight reduction in ridership.
- Special Services shows a reduction, which is contributed to less UO football service and elimination of UO basketball service. Mr. Vobora, director of community services and planning, stated that special service would still be shuttle service but would be folded into regular fixed-route service with a specific route number, which allows LTD to work within the federal charter rules. Staff is seeking other revenue opportunities to help backfill in case the service does not pay for itself. There would not be a reduction in regular service.
- Self-employment and state in lieu should hit budget.
- Preventive maintenance is funded with four-fifths of federal funds received. In Years 8, 9, and 10, less federal funds would be used.
- Discretionary funds are available for our current purchase of three articulated buses and a future purchase of ten 40-foot buses next year. Future bus purchases would need to be debt financed and paid back over a 12-year period using formula funds.
- Point2point funding assumes no changes.

Expenditures:

- Projecting \$1.5 million under budget this year for expenditures, which could be contributed to being under staffed.
- Transfer to Accessible Services is high and continues to grow. This is an unfunded mandate.
- Wages were projected to increase 5.7 percent next year due to a 2 percent wage increase, seven high-value administrative employee retirements, and a proposed addition of 2.9 FTE (two part-time cash room clerks and a full-time government relations manager and a senior analyst).
- Wages are projected to increase 3.6 percent in Year 2 due to the proposed addition of a journeyman mechanic and a facilities maintenance generalist.
- Replacement of retiring employees will result in lower wages and benefits in the short term.
- Medical is estimated to be under budget this year. LTD had a rate hold this year but staff has budgeted a 5 percent increase each year thereafter. Mr. Vobora noted that the new Wellness Center is constantly in use and could be the reason medical expenses are lower.
- Materials and Services less Fuel is projected to hit budget this year. A 2 percent increase has been budgeted for next year.
- Fuel was budgeted at \$3.75 per gallon for the current year although the average for the year has been \$3.25 per gallon. A 26.9 percent increase is budgeted for next year because staff is projecting fuel cost at \$3.75 per gallon. In response to a question from Mr. Necker, all future vehicles purchased will be hybrid-electric buses. The LRFP does not reflect a reduction in the number of gallons needed. Ms. Hellekson noted that the fuel efficiency on the hybrid-electric buses is 50 percent better than the straight diesel vehicles. In response to a question from Mr. Yeh, Mr. Lipkin stated that maintenance costs are higher for hybrid-electric buses. These costs are budgeted separately in the Capital Improvements Program.

- Transfer to Capital Projects reflects the local match portion of capital projects.

Mr. Lipkin stated that the LRFP assumptions reflect a plan that satisfies the Reserve Policy.

Mr. Vobora stated that the West Eugene EmX Extension could begin service in 2016, a year earlier than projected.

The committee did not see any concerns with the LRFP assumptions as presented and gave approval for staff to present the plan to the full Board at its April 17, 2013, meeting.

Mr. Lipkin informed the committee that the public comment period for the Capital Improvements Program ended on April 10. No public comments were submitted. In response to testimony heard at the March 20 Board meeting, the CIP will be revised to include a map showing locations of projects. The CIP will be distributed on Tuesday, April 16, along with the LRFP, financial statements, and performance report.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 5:00 p.m.

(Recorded and transcribed by Chris Thrasher, Lane Transit District)

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