MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Wednesday, May 1, 1996

Pursuant to notice given to *The Register-Guard* for publication on April 14, 1996, and at the April 25, 1996, Budget Committee meeting, and distributed to persons on the mailing list of the District, an adjourned meeting of the Budget Committee of the Lane Transit District (LTD) was held on Wednesday, May 1, 1996, at 7:00 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board Members	Appointed Members
Kirk Bailey	Rick Crinklaw, Committee Chair
Rob Bennett	Gerry Gaydos
Dave Kleger	Mary Gilland
Thomas Montgomery	Virginia Lauritsen
Mary Murphy	Cynthia Pappas, Committee Secretary
Roger Saydack	Jeff Pearson

Phyllis Loobey, General Manager
Mark Pangborn, Budget Officer
Jo Sullivan, Recording Secretary

Absent:

Pat Hocken | Russ Brink

CALL TO ORDER: Mr. Crinklaw called the meeting to order at 7:05 p.m.

RESPONSES TO BUDGET COMMITTEE QUESTIONS: Finance Manager Tamara Weaver discussed a handout, "Summary of Changes in Positions (FTE)," for FY 96-97, in response to Budget Committee questions at an earlier meeting. The summary showed changes in FTE for administrative and bargaining unit employees in the FY 95-96 amended budget and the FY 96-97 proposed budget. Mr. Bennett asked when during the current fiscal year those changes were made. Ms. Weaver replied that changes were made during a Board meeting on December 4, 1995, when a transfer was approved by the Board for staffing changes as a result of the reorganization. The Public Affairs Manager and the Assistant Finance Manager positions had been added, and the Director of Operations position was eliminated. At the same time, there was a lot of overtime in the Transit Operations Department, so one more operator position had been added to reduce actual expenses.

Mr. Bennett wanted to clarify that the change between the amended budget for FY 95-96 and the proposed budget for FY 96-97 was reflected in the current budget proposal. Ms. Weaver said that was correct, and added that the positions to be added were contract employee positions, principally bus operators.

Ms. Weaver also discussed page 1 of a Long-range Financial Plan (LRFP) handout in response to a question from Mr. Montgomery regarding what would happen if the rate were lowered. If the rate were lowered by .01 percent, to .59 percent, the five-year reduction in combined payroll and self-employment tax revenues would be $1,103,896. The first-year impact would be $69,000, since it would be implemented in January 1997 and the first change in revenues would be during the fourth quarter of FY 96-97. The following year, a full annualized impact would be $238,798 less. Ms. Weaver also reviewed what would happen if the tax rate were lowered to .5 percent.

Ms. Weaver then discussed page 2 of the Long-range Financial Plan handout. She explained that she had run seven different scenarios in response to a question from Ms. Lauritsen about different sets of assumptions. Every scenario started with the budget model and changed something about that model. The scenarios used were: lower tax rate to .59 percent; lower tax rate to .55 percent; budget model with 0 percent funding for buses; budget model with 80 percent funding for capital; increase annual payroll tax growth 2 percent per year; and increase annual payroll tax growth 2 percent per year/bus purchase to 0 percent.

If all buses were funded at 80 percent federal and all other assumptions in the model stayed the same, the District would be running significant surpluses, as shown on page 5 of the handout. Without any federal funding for buses, the District would see a deficit in the range of $3 million during 1997-98. Ms. Weaver stated that the District did not know what kind of bus funding would be available during the next five years. Her opinion was that Section 3 funding might no longer be obtained, but other staff thought there was a reasonable chance that buses would be funded at 50 percent. Ms. Loobey believed that there was a good chance that the next bus purchase would be funded at 80 percent, but would not know for sure until September or October, when Congress would be working on the FY 97 budget.

Mr. Pearson asked if buses had always been federally funded. Ms. Weaver said that they had not; the level of funding that Ms. Loobey had been able to obtain for buses had not been duplicated across the United States. Mr. Pearson asked if some bus systems were better funded because of better performance or other favorable characteristics. Ms. Weaver replied that they were funded better because of favorable relationships with their Congressional delegation or more political clout. Section 3 funding had to be earmarked, and there was not enough to go around.

Mr. Bennett asked what made Ms. Weaver believe the bus funding could go to zero. Ms. Loobey replied that there had been an assault on the federal transit money since the Reagan era. LTD was receiving 40 percent less in operating assistance than it had five years ago, because of continual cuts. There was a dedicated trust fund from a $.04 gasoline tax in a mass transit account in the highway trust fund. There was money in the account, but Congress was not appropriating, or spending down, the money. The authorizing legislation was up for rewrite for FY 97, and the Republican Congress had not been favorable toward transit in the U.S. The amount of money available for capital had declined at a smaller rate, which was why transit properties had sought out the earmarking process when they had a powerful senator, such as Senator Hatfield. Ms. Weaver added that most of the transit properties that applied for capital funding for buses did not receive any funding.

Ms. Weaver said that there was still a good possibility that LTD would receive between 50 percent and 80 percent funding for the next bus purchase. That would enable the District to accumulate some funds. Then the question was what would happen in the future. The District would have to decide whether it wanted to return a short-term accumulation of funding to the taxpayers, as had been done many times in the past, use the money to fund bus rapid transit (BRT), or save it to fund buses in the future, when the federal funding likely would drop to zero. That would be a Board and Budget Committee decision.

Mr. Crinklaw stated that the District was accumulating cash to meet a schedule of bus purchases, and wondered how the District would purchase buses without that federal funding. Ms. Loobey said that might mean that the District would have to run the buses longer, cut back operations, look for other means of financing, or a number of other options. Ms. Weaver said that the problem would begin for later purchases, especially if those purchases were pushed farther out into the future. She said that the District needed to replace buses every four or five years.

Mr. Bennett said that the Board had explained the increase in the payroll tax rate and the implementation of the self-employment tax to the community, especially the business community, based on LTD's need to accumulate capital to use for some initiatives to increase productivity and broaden LTD's market, not because the District was sounding the bell that federal matching funds for bus purchases were going to go away. He stated that Ms. Loobey and others had warned the Board about the decreasing federal role in the District's capital operation, but the Board was not intending to spend all of its capital replacing buses. He said he would be discouraged if that were to be the case, because the District was trying to do something more than carry 2 percent of the trips in the community.

Ms. Weaver stated that she still believed that there was a lot of room to move. Funding of the first two BRT corridors had been included in the budget model, and it was not an unreasonable expectation that these could be funded at 80 percent because BRT was an exciting and new kind of project. She said that if any negative action had to be taken to stop the District from doing these positive things, it would not be in the immediate future; it would be several years out. She had been trying to show that the magnitude of difference between having buses funded at 0 percent, 50 percent, or 80 percent was very large. She believed that the District could move aggressively on funding bus rapid transit, keeping in mind that there were different parameters and that some type of funding needed to be in the neighborhood of 80 percent. She did not want the long-range financial plan to be interpreted in a way that would kill any of the new initiatives.

Mr. Crinklaw said that he appreciated Ms. Weaver's responsiveness to the questions that came up during the previous Budget Committee meetings. To reinforce Mr. Bennett's comments, he explained that he had participated with the group that visited with some of the business community about raising the payroll tax rate and implementing the self-employment tax. He said that these were presented as not simply an effort to raise revenue to fund the status quo; the bump in the rate and the self-employment tax were specifically intended, although not earmarked, to reduce the vehicle trips. There were some fundamental changes in the way LTD was going to structure itself for services for the future. Ms. Weaver said that this was what was happening. In the Long-range Financial Plan, the money was being set aside for bus rapid transit and for Park and Ride facilities. At that time, all the self-employment money was being earmarked into innovative capital projects. She added that the Board should assess this situation every six months, and the Budget Committee every year, because LTD used the state's relatively modest projections on the payroll tax. If she had to guess what would happen, she said, she would think that the District would continue to appear to be very healthy in the next few years and could proceed judiciously, but should stay on top of the bus funding issue, because it was a very big issue. Her fear was that it would sneak up on the District, because in the coming two or three years, with new businesses coming in to the area, the payroll tax would rise. She said she had always been a proponent of returning money to the taxpayer if it was not wisely needed, but she was very concerned about this bus issue.

Mr. Bennett said that if LTD's initiatives fell flat on their face and the District continued to receive the same level of capital funding for bus purchases, that would mean the tax rate was too high. If that money were to be spent on existing operations in the near term, he would feel badly having gone out and worked the issue. He agreed that it deserved to be monitored very carefully.

Ms. Lauritsen said that when she asked her question, it was as a focus question, and she was very much in favor of the projects, also. She said she knew it was a big impact, but had no idea it was this big.

Mr. Bennett said that, with respect to Transit Operations, seven bus operators were being added. He asked staff to relate that to the increase in service. Ms. Weaver replied that LTD was adding approximately 7,700 hours of service, net, and every operator was actually able to drive approximately 1,680 hours on the average. Some non-revenue bus time was included, as was benefit time. The District had to hire the equivalent of at least seven operators to deal with unpaid time; that is, positions that were not being paid for one reason or another. Mr. Bennett said he was concerned that every year the staff and Board looked at the routes and measured the relative productivity based on a minimum standard measurement, and that if LTD were to increase service and this kind of operator addition every year, it would be almost self-defeating and might prevent LTD from pursuing the things that the Board had decided to do. He asked what the service increase was in 1995-96. Mr. Saydack said that question had been asked last Thursday when Mr. Bennett was not present, and the increase in service had been a little more modest than it had been in the past, something like 3 percent or 4 percent. He asked if the cost of service changes included the cost of hiring the new operators. Ms. Weaver said that it did, as well as the cost of mechanics and other direct costs.

Mr. Bennett asked if the increase in service was mostly along existing routes, where there was more ridership, or in new service. Service Planning & Marketing Manager Andy Vobora replied that in the FY 96-97 budget, about 1.8 percent of service increases were to help existing service run better, and about 4.5 percent could be considered in the "new" category. There also was a large group of service cuts.

Ms. Weaver reminded the Board that the bus rapid transit system included a goal to double service in 20 years, so that was one of the things the District would be trying to do while the capitalization was occurring. That worked out to about 3.7 percent in service additions a year, but the Board would not always see seven operators being added. In FY 95-96, the District had an extraordinary increase in unpaid time. Staff found that the District saved money when more operators were added, because there was a large contingent of people, or bits and pieces of many positions, that were unpaid; the equivalent of seven people were not receiving any paid time. In order to be more efficient, seven new positions were recommended. This brought the total personnel expense increase to 4 percent, which included 2.75 percent needed for service increases.

CONTINUE BUDGET PRESENTATIONS:

Human Resources: Human Resources Manager Ed Ruttledge explained that Human Resources was a new department at LTD; it had been part of the Operations Department in the past. Human Resources (HR) now also included the Risk Management budget.

Mr. Ruttledge explained that the District's mission statement talked about providing excellent customer service to customers and the community. Fundamental to the mission statement were the people who worked at LTD, because they made the mission statement happen. They provided a broad spectrum of opportunities for LTD to put on its best face for the community and provide the service that was central to the District's mission.

Mr. Ruttledge said that the FY 96-97 budget reflected a larger role for Human Resources. In prior years, it was a fairly traditional Personnel office, doing traditional Personnel work, with a separate Risk Management office. The Human Resources department had been reorganized a little ahead of the reorganization process in the rest of the cross-departmental reorganization, and the role of HR had been expanded.

Mr. Ruttledge stated that close to 20 percent of LTD's employees were non-bargaining unit employees; they were administrative employees, including supervisors and managers. Approximately 80 percent were bargaining unit employees. Those were the employees who were driving buses, fixing and cleaning buses, and providing customer service and support. Transit Operations comprised 63 percent of the work force; Customer Service, 3 percent; Fleet Services, 13 percent; managers, 5 percent; supervisors, 7 percent; non-supervisory staff, 7 percent; and clerical support, 2 percent. The largest number of employees was in Transit Operations; the second largest was in Fleet Services.

Mr. Ruttledge said that a question had been asked about Human Resources' accomplishments during the past year. He explained that of the department's four employees, one had been a temporary employee with LTD and the three others were new in the last year. They had been learning the transit industry, and Mr. Ruttledge had been impressed with how detail- and customer-oriented LTD was, and how hard it worked to get the buses to the customers on time and in good working order. He briefly discussed some of HR's accomplishments: •An employee attitude survey had been conducted through a focus group process with a facilitator, and the results had been distributed. •An employee newsletter, "TimePoints," had been created to inform employees of issues as they arose. •A labor relations plan had been drafted. •Mr. Ruttledge had worked on creating opportunities for constructive activities with officers of Amalgamated Transit Union (ATU) Local 757, including joint attendance at the Governor's conference on labor-management cooperation. The District had paid for the conference fee and mark-off time for the local executive officer to attend. He was the only ATU representative out of about 400 union representatives. •HR worked with Local 757 on the implementation of the Alcohol and Drug Testing Policy implementing federal regulations. •A labor-management committee had been formed and would be meeting monthly. It consisted of two people from LTD management and two people representing Local 757. •A risk management team also had been formed, and HR had asked the Local 757 to appoint an employee to participate.

Mr. Ruttledge discussed his goals for FY 96-97. The number one priority was to complete the negotiations with Local 757 during the coming fiscal year. Staff also were proposing that a comprehensive classification/compensation study be done for the non-bargaining unit employees. Following the reorganization, some employees probably were doing work that was different than their previous job responsibilities. Staff believed that a credible, outside, comprehensive study was needed to determine what the classifications and compensation should be relative to each other. The Board Compensation Committee recommended that this be done. Mr. Ruttledge explained that the compensation package for bargaining unit employees would be sorted out at the bargaining table.

Ms. Murphy asked where the data for the study would come from and how it would be synthesized. Mr. Ruttledge stated that the Board Compensation Committee had directed that the study look at private sector data as well as public sector, so Mr. Ruttledge would be writing a request for proposals for a consultant who worked with both the public and private sectors. It was easy to match and compare some positions, but others were much more transit-oriented and were more difficult to compare. He thought the study would result in some adjustments to salaries, both upward and downward.

The other two main goals for the Human Resources department were to train managers and supervisors in contract administration and to complete the development of a workers' compensation claims mitigation program.

Ms. Pappas asked how Mr. Ruttledge would measure at the end of the year if he had built a constructive labor-management team. He replied that it would be measured somewhat by how things had progressed from last year, such as an ability to get calls through to the Portland leadership, have cooperative discussions on issues over which they disagreed, and conduct their business in a businesslike manner. Another measurement would be whether issues generated a pattern of grievances or were resolved in other ways.

Mr. Ruttledge next discussed the department's larger increases in the budget and how they reflected the department's goals. An increase in professional services included the classification/compensation study. Staff envisioned a very detailed study, with individual desk audits and possibly a training component to help employees understand how the process would work. The increase in employee relations included the cost of negotiations and employment-related litigation. There was a modest increase in the Risk budget. This was due in part to a lower average age for the bus fleet and the acquisition of new property during the next fiscal year.

Mr. Crinklaw asked how LTD was situated in meeting the goals and objectives of affirmative action. Mr. Ruttledge explained that the work force had to reflect the community, and LTD's work force did that fairly well, in a community that was not very diversified. Mr. Pangborn added that LTD had to file a report on its minority population annually with the federal government. He did not remember the exact numbers, but recalled that LTD exceeded the local community percentage in total number of non-white employees, but was below average for the community in women and minorities in management positions, based on the 1990 census.

Support Services: Mr. Pangborn stated that there were three other support departments: General Administration, Finance, and Information Services (IS). He explained that General Administration was a catch-all category that brought together the budgets for the general manager, the assistant general manager, general secretarial, Board support, and some overall administrative costs that were more adequately budgeted on a District-wide basis. Functionally, not much had changed in personnel or materials and services. The drop in materials and services was offset by a new materials and services budget for Public Affairs. Combined, they resulted in about a 1 percent increase. The changes in personnel were a result of the reorganization. The Finance budget also stayed flat in materials and services, and the personnel cost increase was the result of adding an assistant finance manager mid-year and annualizing the salary for FY 96-97. Information Services, the District's computer support department, also had a budget that was almost flat.

Ms. Weaver added that it was easy to see the impact of the administrative salary and fringe change by looking at the IS budget, which included two staff at the top of their scales. The budget showed a 3.1 change in salaries and benefits, with salaries accounting for 2.9 percent of the increase.

Ms. Pappas asked where the funding would come from if LTD had to deal with an appeal, since the General Administration budget was reduced. Mr. Pangborn explained that last year $100,000 had been budgeted for election expenses under General Administration materials and services, for the election required by the initiative to limit the general manager's salary to $49,000. The District challenged the initiative before the local Circuit Court and had prevailed. ATU 757 then filed the Circuit decision before the Court of Appeals. Whichever party prevailed, this issue likely would go to the Oregon Supreme Court, so it was unlikely that it would be resolved during FY 96-97. If something were to happen to require an election, staff would go back to the Board and ask for contingency funds. This clearly was a cost that staff could not anticipate, and it would be unfortunate to tie up $100,000 in what basically was a reserve account. He explained that the Board had the ability to move money from contingency into a specific line item throughout the year, as long as it was something that could not be anticipated and did not exceed 10 percent of the budget.

Ms. Lauritsen asked about legal fees and professional services. Mr. Pangborn replied that of the $82,000 in professional services, $45,000 was for legal fees and covered everything except the HR budget and risk-related legislation. Basically, it was for general legal advice. He had tried to budget conservatively, but still have some funds available.

Mr. Bailey asked about legal fees for risk-related legislation, which did not seem to be budgeted in the Risk budget or the Human Resources budget. Mr. Ruttledge explained that in previous years, there had been a section for legal under Risk, for when someone brought a court action against LTD. The District was self-insured for $100.000, but there could be associated legal fees for court costs, etc. This year, the funds were programmed in the line item for legal--individual litigation in the HR budget and it became part of the total $119,600 under employee relations in the budget. That line item also included a small amount for employee organization fees; some money for grievances or arbitrations; some money for general labor relations items, such as publications; and some money for labor relations--consulting. Legal--individual litigation would include individual litigation from employees, such as under the Americans with Disabilities Act (ADA), and also that portion of the Risk budget for injury claims against the District.

Mr. Pangborn further explained that when Human Resources and Risk were separate budgets, there were parallel paths in terms of litigation. Now both kinds of litigation were being handled by one firm and managed in terms of the District's overall legal picture.

Capital Improvements Program: Mr. Pangborn stated that the Capital Improvements Plan (CIP) was presented in more detail in the Long-range Financial Plan. Before the LRFP, the CIP was the only document staff had for capital planning. The CIP outlined the specific capital needs for the following fiscal year, and then programmed projects out in decreasing specificity for the next four years. There was a long lead time for many of the projects, so it was important to plan ahead.

Mr. Pangborn explained the CIP section of the budget document, saying it was based on categories set by the federal government. He then discussed the major capital expenditures planned for FY 96-97. He explained that the University of Oregon planned to change to a credit card type of student identification and would no longer allow stickers on the cards. Since the UO was the largest LTD Group Pass holder, the District would have to look at some kind of automated fare collection. That kind of technology already was being used in the transit industry and would be an interesting test for LTD, because it would move the District closer to automated fare collection for BRT. Ms. Gilland said that UO staff were allowed to put stickers on their magnetic strip cards, and that she would look into the requirements for student cards.

Mr. Pangborn called attention to the commitment of resources to passenger shelters and boarding improvements, in response to customer input. The largest allocations were for planning and construction of Park & Ride facilities at 58th and Main in Springfield and on West 11th in Eugene. Funding was anticipated from federal Section 9 funds and Surface Transportation Program (STP) funds. Mr. Pangborn said that this related to Mr. Pearson's question about whether there would be funding in the future. He explained that staff were trying to put together a variety of funding sources to fund all of the capital program. However, on the bus purchases, there really was only one source of funds, the Section 3 federal grant funds.

The Eugene Station at that point was a $12.1 million project, of which staff anticipated spending $7.5 million in FY 96-97. Improvements for the Glenwood facility mostly were for the new radio system. Mr. Pangborn explained that staff tried to trade out the staff support vehicles after 100,000 miles, and a number would be purchased in FY 96-97, for driver relief, Fleet Services, and field supervisor use. Mr. Kleger asked why the decision was made not to buy an accessible van. Mr. Pangborn replied that the District had purchased an accessible van and would be taking delivery within the next month. He explained that this would be an administrative vehicle with the capability to carry someone in a wheelchair, in case of bus breakdown or other situations that might strand a person with an accessibility problem. Mr. Kleger added that a legal standard under the ADA required that the District provide transportation for that person within no more than one hour. Predicting when a bus might come during snow service was a bigger issue. Mr. Pangborn explained that the District normally would try to call RideSource to take care of that kind of problem, but RideSource also was managed so tightly that all its equipment might be out on the road and not available, so LTD would have to pull a 40-foot bus to provide that service, and a van would be much more economical in those situations. The accessible van also would be used for regular support needs when not needed for emergencies.

Mr. Pangborn said that staff relied increasingly on computer hardware and software. Some computers were replaced annually, and others handed down to replace the oldest computers. Mr. Pangborn explained that the scheduling system would be rewritten into a Windows environment so the data could be managed using the Windows capability and software. The telephone system had been purchased in a joint program with the two cities, the county, and the school districts, and basically was at the end of its useful life. The others had changed out their systems, and LTD planned to change out its system in FY 96-97. The change also would add capabilities for voice mail. The radio system contract was to be awarded that week. Staff had budgeted $1.6 million. Four competitive bids had been received, with the low bid at $1.4 million.

The Committee took a break from 8:40 p.m. to 8:55 p.m.

MOTION **BUDGET COMMITTEE DELIBERATION: APPROVAL OF BUDGET**: Mr. Gaydos moved approval of the budget as presented for Fiscal Year 1996-97. Mr. Kleger seconded the motion.

Mr. Gaydos said that he appreciated Mr. Bennett's and Mr. Crinklaw's comments earlier. He also appreciated what LTD was doing in leading on some of these transportation issues, and thought that BRT was an exciting concept that could have a very direct impact. He appreciated that LTD had worked at having reserves, dealing responsibly with its tax revenues, and ensuring that service continued to be provided. He said he had not heard anything during the staff presentations that would lead him to any other conclusions. He thought LTD had a good present and future, and that both the short-term and long-term future were well planned and thought out. He said he was excited to have in the community an organization that cared about the people affected by the Americans with Disabilities Act, that concerned itself with its Union relationships, and that concerned itself with making a real commitment to downtown Eugene. He thought that the improvements in downtown Eugene said something about the community and how it valued that kind of transportation. He stated that he would like to see taxes go down, but he did not see that as a possibility. Ms. Weaver's presentation in response to Ms. Lauritsen's request had led him to believe that the District should stay the course with the tax rate. He appreciated the work that had been done, and stated that he was supportive of the budget.

Ms. Lauritsen commented how important the funding was, and asked how much flexibility there was in the budget to send Ms. Loobey and a team to Washington, D.C., to discuss the issues with the state's two junior Senators and other more senior Representatives or persons who could help lobby for the District. She said she would be in favor of spending more money on the travel budget for that purpose. Ms. Loobey replied that the flexibility was there if needed, and travel had been increased for her to make that trip more than once a year, which she had done in the past.

Mr. Kleger wanted to add to Mr. Gaydos' comments. He stated that he was well aware, as were the rest of the Board members, that LTD was "sticking its neck out" somewhat on BRT. They knew that if they did not make major capital investments and some major steps toward another way of doing things, the District would not increase its modal share, which it needed to do in order to make a difference in the way the town was constructed. He considered it a public necessity that LTD do BRT, but that there was full awareness that there was some risk involved. Any other method that had any chance of working would cost a lot more and would live or die on the very same things that BRT would: comfort, convenience, safety, etc.

Mr. Crinklaw said that after the limited way in which he was an advocate for the changes in LTD taxes, he had come into these budget deliberations very interested in seeing what new initiatives were coming forward. There had been a promise or commitment that the additional revenue was not to fund the operations as they existed, but to be used for new, far-sighted, long-range approaches for transit for the community. He said he saw a lot of that in the foundation for BRT. He stated that his only suggestion would be that the District's communications emphasize that BRT was part of the commitment that was made last year, linked to the change in the tax rate and the implementation of the self-employment tax.

Mr. Saydack stated that BRT seemed to be the future way in which LTD would improve its ability to compete with the automobile and reduce vehicle traffic. He said that staff's presentation had been very well done and very comprehensive, and it was hard to pinpoint areas of disagreement without seeming to quibble, because they were so small in relationship to the whole. Clearly, he said, the issue about federal funding was that it was very significant and concerned all present, but there was not much that could be done about it until decisions were made at the federal level. He said he had been thinking about what the District could do to increase the use of the system in the short-term, before BRT, and had focused on the Public Affairs budget and how LTD was getting the message across to the community; what tools were being used to try to change people's attitudes about the bus and its value to the environment, land use, etc. He thought the commercials on television and some of the print advertising were very effective, and he noticed a shift to public access television away from that. This was one area that he questioned--whether this really was the best way to get the message out to as many people as the District wanted to get it to. To the extent that there was anything in the budget he was concerned about, this was it, and it was a relatively small area of concern. Mr. Bergeron said that ideally LTD would do both, but unfortunately the resources that were available did not allow that, so some compromises had to be made. He stated that the beauty of paid media advertising was that it allowed the District to send the message in a way that it completely controlled, with, ideally, enough repetition so that people understood and began to support the message. That had been the focus of the three-year public education campaign that had ended during the current year. It ended with the call to action to use the service, the "ride, ride, ride" theme. He said he had no doubt that the District had just as many issues, and probably more, to communicate in the future, but the resources did not permit staff to do as much as they would have liked to do. The shift to public access represented a compromise in some respects, but there were some strengths there, as well. A half-hour program, providing people would watch it, would provide much more depth of information than a 30-second television commercial. It was staff's hope that the District had enough strength of visibility in the community, given the community's interest in transportation issues in general and the adoption of TransPlan in the near future, that LTD's role in that would be interesting to people, especially the new "stockholders" who were paying taxes to the system. LTD would have to do a good job of letting people know that another channel of information was available to them.

Mr. Bennett indicated the same concern as Mr. Saydack; he said he was worried about the audience. Part of the initiative process, both individually and as a part of the transportation plan update, focused and relied very much on the potential for gaining market share that the District did not now have. There would come a time when LTD may want to make its case publicly, through marketing, so would have to try to find the market through a media structure that the new market was used to using. He thought that if the District did get to that point, it should try to find the resources, because he thought this would be very important. He wanted to be careful that the effort had the intended result; that the District actually could find the market it was looking for. He appreciated staff's explanation and confidence in public television, but worried about people making that dramatic shift.

Ms. Murphy thought it was a little more complex than reaching a certain market through multi-media and 30-second sound bites. Thinking back generationally, those present probably did not learn about recycling or wearing seat belts from their parents. If a new generation were brought up thinking that riding the bus was an adventure and positive to do, a new standard would be set, as a lifestyle change.

Mr. Bennett stated that the issue about the BRT system was that it was a major change in the development approach LTD wanted to take in terms of marketing its services. It would require people to make a major shift from what they had not been willing to do for many years. The evidence that he was hearing was that the trend was in the other direction; vehicle miles traveled (VMTs) were not leveling off. The case that LTD was making was that it could develop a program that over time could increase its competitiveness enough so that it could market its services to a very different market segment than currently. The people in that market segment were not watching public access television. He said maybe LTD could get them to do that, but he would want to go where they were and where it was convenient for them, and it would be a whole lot more than just television. He thought there would need to be an outreach program that would compare with some of the major efforts that had been made in the community. He was not raising this as a budget issue this year or asking for a full discussion at that time; he just wanted to add onto Mr. Saydack's concern. He said he would want to be very careful that the timing was right and that LTD reached the people it needed to reach in terms of making the case for BRT and ridership.

Mr. Saydack said he agreed with both Ms. Murphy and Mr. Bennett. He said this would be a question of changing attitudes, and the issue he was raising was how that was done, and whether the District was spending its dollars in the right place to do that. Like Mr. Bennett, he was relying on staff and trusting what they were doing. He said it was important to try things like this, but thought that in the future a lot more resources might need to be allocated to this area than had been in the past, because the message was critical in order to increase ridership. People would not just start flocking to the buses; they were going to need a reason to do it.

Mr. Gaydos said he agreed with this whole discussion. He said what he liked about participating in these kinds of issues for a long time was seeing the change from four years ago, when the budget discussion was exactly the opposite thread. He appreciated the Board being positive in this regard. He stated that LTD had taken a leadership role, and from a community perspective, he really appreciated that. He did not think that LTD had to be the only leader; he believed there had to be collaboration, and the cities, the county, and the federal sector also had to participate. The Senators and Representatives had to be supportive of mass transit, so there was a lot of work that had to go on. One of the things he had heard during Mr. Bergeron's presentation was that part of the switch for the organization was to allow more involvement in some community groups, and he thought that was equally as important. He applauded that, and hoped that the current collaboration would continue and expand.

Mr. Kleger said that he wanted to make sure that the District did not make the big push for BRT before it had something to push. He said he would be very concerned if the budget as presented for next year were presented in the FY 97-98 budget, because the District would then be much closer to the time to start the new effort. He did not want to build expectations that could not be fulfilled quickly, because Americans did not seem to have a long-term perspective, so he did not want the District to start marketing in an intense way something that was not yet ready. However, the closer the District got to implementation of BRT, the bigger a marketing effort it would have to make, and he thought it would need to use all avenues available.

VOTE There was no further discussion, and the vote was taken on Mr. Gaydos' motion to approve the budget as presented for Fiscal Year 1996-97. The motion carried by unanimous vote, with Bailey, Bennett, Crinklaw, Gaydos, Gilland, Kleger, Lauritsen, Montgomery, Murphy, Pappas, Pearson, and Saydack voting in favor and no one in opposition.

Mr. Crinklaw thanked the non-Board members of the Budget Committee for their time, perseverance, and diligence, and the Board members for their background and perspective, which were very helpful. He thanked the staff for excellent, well-prepared, and responsive presentations and responses to questions that the Committee asked. He thanked Ms. Weaver for her support and loaning the District her competencies and skills for the last few years, and wished her all the best in her new endeavors. Ms. Weaver stated that this organization, Board, and Budget Committee were an impressive group, and it had been her pleasure to work with them.

ADJOURNMENT: The meeting was unanimously adjourned at 9:20 p.m.

Budget Committee Secretary

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