

MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

MID-YEAR MEETING

December 9, 1987

Pursuant to notice given to *The Register-Guard* for publication on November 29, 1987 and distributed to those on the mailing list of the District, a mid-year meeting of the Lane Transit District Budget Committee was held at 7:30 p.m. on December 9, 1987 in the Eugene City Hall.

Present:

Board Members

Peter Brandt, Treasurer
Janet Calvert, President
Janice Eberly, Vice President
Keith Parks
Gus Pusateri, Secretary

Appointed Members

Paul Bonney
Bob O'Donnell
Rosemary Pryor, Committee
Secretary
John Watkinson, Committee
Chairman, presiding

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

Absent:

Dean Runyan
Rich Smith

Emerson Hamilton
Roger Smith
Dennis Strand

CALL TO ORDER: The meeting was called to order at 7:35 p.m. by Committee Chairman John Watkinson.

PUBLIC COMMENT: There was no one present who wished to comment on any subject.

MOTION
VOTE

APPROVAL OF MINUTES: Mr. Brandt moved that the minutes of the May 20, 1987 adjourned Budget Committee meeting be approved as distributed. Ms. Eberly seconded the motion, and the minutes were approved by unanimous vote. (Dr. O'Donnell was not yet present at the meeting.)

MID-YEAR REVIEW, FY 87-88 BUDGET: Mark Pangborn, Director of Administrative Services and Budget Officer, stated that the purpose of the meeting was to see if any major changes were needed in the Fiscal Year 1987-88 budget. The cover memo to the Committee in the packet included staff's projections that there would be a year-end balance of approximately \$650,000, and staff's recommendation that no action be taken at that time. Mr. Pangborn stated that the projected year-end balance

represented a healthy position, and one that the District wanted to be in at that time.

Karen Rivenburg, Finance Administrator, discussed the significant variations between the projections made in the spring and the actual budget, as shown on page 9 of the agenda packet. She stated that the District had received \$88,000 on the last day of the previous fiscal year. Staff had expected to receive part of that money in July of FY 87-88, and part was a one-time payment. The most significant difference was found in payroll taxes. A 4 percent increase had been budgeted, but in the first quarter of the fiscal year, payroll tax revenues had increased 6.5 percent; in the second quarter, they had increased 10 to 11 percent; and staff were predicting an increase of 10 percent over last year for the rest of the fiscal year.

Proposed labor agreement expenditures had been covered in the budget without having to use contingency funds. The total positive variance in expenditures so far in FY 87-88 was \$196,999.

Dr. O'Donnell arrived at this point in the meeting.

Ms. Rivenburg stated that there were still several items which would need to be monitored for the rest of the fiscal year. Environmental items, such as the cost of fuel, payroll tax collections, etc., are out of the District's control. For that reason, staff had listed a range of possible year-end balance projections on page 10 of the agenda packet for the Committee's review. Listed were optimistic, realistic, and pessimistic projections, based on differences in fuel price changes, payroll tax revenues, other operational savings, and other revenue increases or decreases. Ms. Loobey stated that these alternatives were prepared in order to help the Committee understand that the District has only had four months' experience with the fiscal year, and that there are eight months left to go before the end of the fiscal year.

Mr. Brandt asked what the District did to make sure payroll taxes were paid by companies doing business within LTD's service area. Ms. Rivenburg replied that the Oregon Department of Revenue (DOR) audits the LTD payroll taxes, and has a program to locate general contractors and subcontractors for projects. The DOR waits one quarter to see if payroll taxes are being paid, and monitors each major project. Ms. Rivenburg stated that she believed the DOR to be thorough in this process, and that she had worked with them fairly closely for four or five years. Mr. Pangborn added that a few years ago, Tri-Met in Portland had found that a number of companies were not paying the payroll tax, and had made a special arrangement with the Department of Revenue for special audits. He stated that the local DOR was very helpful. Ms. Rivenburg meets with DOR staff twice annually, and they have been very supportive. Mr. Pangborn added that the District does pay a fee for having the DOR collect the payroll tax.

Mr. Pangborn stated that staff were obviously pleased with the District's financial position at that point in the year. He said it was not dissimilar to past years, since the District had a substantial balance at the end of the last four or five years. In all cases, the balances have been crucial to the operation of the District, absorbing increases in the insurance reserves and contributing to the local share for capital projects. The fleet has been modernized, and the District has saved the entire local share for the new maintenance/operations facility, which is now fully funded because of the District's ability to use the year-end balance for capital.

A chart of the District's Capital Improvements Program (CIP) for 1988 through 1992 was included on page 11 of the agenda packet. The District does have a projected CIP for the next 20 years, but specific projections have been made for the next four years. A significant number to consider, he said, was the \$10 million projected as local capital needs for the next four years. Staff anticipated that \$2.6 million would be needed for passenger boarding improvements, and \$6.8 million would be needed for vehicles and accessories, including replacement of the 20 500-series buses, plus 10 more buses for fleet expansion in 1991-92. He stated that this CIP was based on the most optimistic scenario (if LTD applies, it will receive the federal funds), although some of the federal funds are discretionary. At this point, the federal funds are available and LTD can demonstrate the need.

Local capital requirements total \$4 million, based on the usual 75/25 or 80/20 formula for matching funds. However, Section 9 funds have been diminishing three to five percent each year for the past four or five years. Mr. Pangborn said that \$5.8 million is the most money the District could expect to receive in the next four years. As of July 1, 1988, it is projected that the District will have an unfunded balance for local capital requirements for 1988-1992 of \$2,402,000. This fiscal year, \$855,000 will be used out of the Capital Projects Fund for the new facility. This includes \$650,000 in year-end balance and \$200,000 budgeted for the Capital Projects Fund. In order to meet the needs for the unfunded \$2.4 million and implement the CIP as proposed, the District would have to save \$600,000 per year. Mr. Pangborn stated that, in terms of the District's needs, a year-end balance of \$650,000 is not beyond the District's needs.

The Oregon State Legislature, in its last session, changed the tort liability for public agencies from a \$300,000 statutory limitation to \$500,000. That will need to be addressed in the District's budget this year, and most likely will affect LTD's insurance premiums.

Mr. Pangborn said that these issues would be discussed again in the spring, when the Board reviews the Capital Improvements Program for FY 88-89. The Budget Committee will also be reviewing the long-term projections in terms of the District's operational needs. The staff recommendation that evening, he said, was that no significant changes be made in the budget for FY 87-88.

Ms. Pryor asked if the CIP had been approved by the Board. Mr. Pangborn replied that it had; the Board approves the CIP for the following fiscal year each spring as part of the budget process. In reality, he said, it is difficult to know what will happen beyond one or two years, although a long-range plan is updated each year to give staff and the Board an idea of the District's projected needs for the next 20 years.

Mr. Pangborn stated that the District had applied to the Oregon Department of Transportation for federal money which is given to the State to fund rural service. The State had agreed to fund three buses, for a total of \$350,000, rather than \$788,000 requested for fleet expansion. Mr. Watkinson asked about the difference between rural and city buses. Mr. Pangborn explained that rural buses have a longer wheel base for a smoother ride, and might also have different seats, for a more comfortable longer ride. Urban buses contain as many seats as possible in a tighter configuration.

There were no further questions, and there was no recommendation from the Budget Committee regarding changes in the FY 87-88 budget.

MOTION
VOTE

Ms. Pryor moved that the meeting be adjourned. Mr. Brandt seconded the motion, and the meeting was adjourned at 8:00 p.m.

Roger R. Smith

Budget Committee Secretary