MINUTES OF BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

ADJOURNED MEETING

April 27, 1988

Pursuant to notice given to The Register-Guard for publication on March 31, 1988, and at the April 13, 1988, Budget Committee meeting, and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of the Lane Transit District was held at 7:30 p.m. on Wednesday, April 27, 1988, in the City of Eugene Permit and Information Center conference room at 244 East Broadway, Eugene.

Present:

Board Members	Appointed Members
Peter Brandt, Treasurer	Duane Faulhaber
Janet Calvert, President	Donna Fuess
Janice Eberly, Vice President	Bob O'Donnell
Keith Parks	Rosemary Pryor, Committee Chair, presiding
Rich Smith	Roger Smith, Committee Secretary
	John Watkinson

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

Absent:

Gus Pusateri, Secretary
Dean Runyan
John Hire

<u>CALL TO ORDER</u>: Ms. Pryor called the meeting to order at 7:30 p.m.

<u>PUBLIC COMMENT</u>: Ms. Pryor opened the meeting for public comment. There was no comment from any member of the audience.

MOTION

VOTE

<u>APPROVAL OF MINUTES</u>: Mr. Brandt moved that the minutes of the April 13, 1988, Budget Committee meeting be approved as distributed. The motion was seconded, and the minutes were approved by unanimous vote.

<u>BUDGET REVIEW - LINE-ITEM DIVISION BUDGETS</u>:

<u>Special Transportation</u>: Mr. Pangborn presented the budget for Special Transportation, which was found on page 19 of the Line-Item Budget section. He explained that these funds are used to provide Dial-A-Ride service, which is a specialized demand/response service for those who cannot ride the fixed

route. LTD contributed $100,000 from the General Fund to the local consortium which provides the demand/response service. The consortium moneys and responsibilities are managed by the Local Council of Governments (L-COG). Additionally, Special Transportation Fund (STF) moneys are received from the state one-cent cigarette tax and passed on to L-COG for elderly and handicapped service.

Mr. Pangborn said the District's involvement in this program is managed by a planner, and there are no actual staff costs. The focus of the program in FY 88-89 will be to allocate funds to private transportation providers in Lane County for capital equipment, such as vans. The major change in the budget was a 3 percent inflationary increase in LTD's portion of the Dial-A-Ride consortium funding. However, Mr. Pangborn said, there had not been an increase in a number of years, and this increase was minimal, bringing the District's contribution from $100,000 to $103,000.

Dr. Smith asked how people become qualified to take advantage of the Dial-A-Ride services. Mr. Pangborn explained that L-COG and the private non-profit operators have set criteria. Agencies with clients who qualify under these criteria send them to Special Mobility Services (SMS), the contractor providing the actual service, for qualification and to arrange times for use.

Ms. Calvert mentioned that all LTD vehicles are lift-equipped. Mr. Pangborn added that a number of years ago, the District made a commitment to put lifts on all the buses, and that LTD was one of the first bus systems in the nation to become 100 percent accessible. This accessibility provides more flexibility for people with some kind of handicap who are able to use the lifts.

Vehicle Maintenance: Ron Berkshire, Maintenance Administrator, presented the budget for Vehicle Maintenance, found on page 20 of the agenda packet. He called the Committee's attention to an error in line-item for Materials & Supplies--Fuel & Lube/Buses. The correct figure in the "projected" column should be $429,878, rather than $410,907. Mr. Berkshire discussed the purpose of the vehicle maintenance function, which included maximum efficiency in performance and bus life, achieved by daily servicing with gas, etc.; scheduled mechanical repairs; exchanging and repairing buses for unscheduled maintenance needs; maintaining the tires; controlling the replacement parts inventory; maintaining contract repairs; and cleaning.

Maintenance staffing includes the maintenance administrator; four supervisors (one inventory supervisor and three shift supervisors); a maintenance secretary; three parts clerks; five journeyman I mechanics; 10 journeyman II mechanics; five general service workers; one lead cleaner; two inside cleaners; three parts clerks; and three part-time workers.

The focus for the division in FY 88-89 will be to rebuild the 500-series bus engines, which now exceed 300,000 miles; install Automated Passenger Counters; standardize and upgrade wheelchair belts on the 500's and 700's; and install belts for battery-operated three-wheeled chairs. The division will also be working toward improvements in operating efficiency, including independent oil analysis, supervisory training, and technical training for parts clerks and mechanics.

Mr. Watkinson asked about independent oil analysis. Mr. Berkshire explained that it involves sampling the engine, differential, and transmission oils to check their productivity. In the past, he said, the District relied on the supplier for these checks, but in the future will have it done by an independent contractor. Depending on the by-products of oil, it is possible to tell what is happening in the engine, and this information helps Maintenance anticipate repairs, extend oil life, etc.

Major changes in the Vehicle Maintenance budget include deletion of one journeyman mechanic II position through attrition and the addition of one general service worker to perform fueling, lubricating, and bus washing on weekends and during vacation time, thus freeing a mechanic from these duties and increasing the total mechanic hours available for repair work. Mr. Berkshire said there is also a slight increase in the cost of fuels. The average cost in FY 87-88 was 61 cents per gallon, but 65 cents per gallon is being used to budget for FY 88-89. There is also a new line-item for Non-vehicle Maintenance Supplies, to consolidate expenditures under one line-item and control supplies through the inventory supply system. Another new line-item is for tool repair, to consolidate those expenses into one line-item.

Mr. Berkshire stated that the cost for tires will increase slightly in FY 88-89, but contract maintenance will involve a fairly significant increase, due to three major areas: machine work on the 500-series engines and transmissions during overhauls; the age of the components, which require additional work; and the addition of a vehicle repair contract for the non-revenue vehicles, rather than performing maintenance on these vehicles in-house.

Mr. Berkshire said the goal of the division is to maintain the fleet with additional service to the community while maintaining current staffing levels.

Mr. Watkinson asked if LTD pays an excise tax on fuel. Mr. Berkshire replied that it does not. Roger Smith asked what non-revenue vehicles are, to which Mr. Berkshire replied that they are any vehicles which do not carry passengers and bring in revenue; i.e., the maintenance van and truck and the transportation supervisors' and administration cars.

<u>Non-vehicle Maintenance</u>: Karen Rivenburg, Finance Administrator, explained the Non-vehicle Maintenance budget, found on pages 22 and 23 of the Line-Item Budget. She stated that computer maintenance is found under the Management Information Services (MIS) division budget rather than the Non-vehicle Maintenance Budget. The District, she said, has $8.6 million worth of items beside revenue vehicles, so this budget includes maintenance for buildings, landscaping, equipment other than tools, office equipment (except computers), and passenger boarding improvements (bus stops, shelters, and five major transfer stations). Currently, she said, the purchasing agent manages the facility maintenance and a planner manages the bus stops. The field supervisors are responsible for inspection in the field. However, staff are

proposing the addition of a new facility maintenance coordinator position to report to the finance administrator. Coordinating the facility maintenance functions in one position will make this process more efficient and allow the other staff members to focus on their main responsibilities. Ms. Rivenburg stated that it is typically the practice of most large facilities to have a full-time facilities manager. Currently, she said, the District needs to manage inventory, maintenance contracts, etc., and this will become even more critical in the new facility. She said this position will allow the District to take advantage of a lot of operational efficiencies designed into the new facility. For instance, there will be a significant number of new items under warranty for the first several years, and this position will monitor that program.

Ms. Rivenburg said that the focus of the Non-vehicle Maintenance budget will be to select and train the new staff member early in the fiscal year, and later to begin development of a warranty program. Specifications should be written for the new maintenance contracts by the time staff move into the new facility. Planning will add a number of new bus shelters; as they are constructed, they will be maintained properly by the facility maintenance coordinator.

Ms. Rivenburg stated that maintenance at the current facility will be minimized because of the planned move to a new facility.

Changes in the Non-vehicle Maintenance budget include the addition of the new position, which will take duties from Purchasing and Planning, and additional shelter maintenance costs.

Rich Smith asked about the grade of the new position. Ms. Rivenburg explained that it is projected to be one step below a Marketing Representative, but that staff still need to determine the job description and evaluate the duties.

Risk Management Fund: Gary Deverell, Safety and Risk Manager, said he oversees the purchase and management of liability, workers' compensation, and property insurance programs, and administers the claims adjusters. Staffing costs are included in the Safety & Training budget, under which Mr. Deverell is the only staff member. He said he does receive help from the outside, by using independent claims adjustors, a workers' compensation carrier, and an insurance broker.

Mr. Deverell said that the goal of the Risk Management function is to maintain and decrease premiums while maintaining or bettering the District's coverage.

The changes in the Risk Management budget include addition of an outside consultant to perform an overview of the program and insure that LTD is obtaining the best price and policy and that the programs are correct. There is also an overall increase in workers' compensation insurance, even though the District's claims are down. An increase from $300,000 to $500,000 in the reserve for liability insurance is included because of an increase in the

Oregon tort liability limit. The District is also planning to purchase builders' "all risk" insurance for construction of the new facility.

Mr. Watkinson asked about the tort liability limits. Mr. Deverell explained that currently the District is responsible for paying $100,000 per claim, or up to $300,000 per year. The new state law increases this to $200,000 per claim, or $500,000 per year. He stated that he believed that the insurance company would raise the rate for this insurance. If the money in this budget is not paid out for claims, it will be carried over for the next fiscal year. Mr. Watkinson then asked about insuring in excess of the statutory limit, and about the $217,000 projected for liability claims in the current fiscal year. Mr. Deverell said this included the cost of claims and a package policy, but that claims themselves are projected at $70,000. Last year, staff requested $488,500 for the FY 87-88 budget, but by keeping costs down, the balance in that account can be carried over for FY 88-89.

Mr. Watkinson thought that $649,700, as proposed for FY 88-89, was a lot of money when compared with the District's claims record. Mr. Deverell said, however, that the District's policy has been to cover that liability in full, and that the philosophy of the Risk Management Fund is to have the money available for Risk Management and not in the contingency budget, where it could be spent for other things and not available if needed.

Ms. Fuess asked about the District's loss ratio. Mr. Deverell stated that LTD has had a very good loss ratio, but had a 25 percent increase in the cost of coverage the previous year. Ms. Loobey further explained that the rates are set by a rating board in Portland, and impacts LTD whether or not its losses are below other agencies'. She added that although the District has no control over the rating, staff do try to maintain the costs.

Mr. Watkinson then asked if the proposed turnover of the $200,000 appeared in the supplemental budget. Ms. Rivenburg said that page 26 of the Line-Item budget showed $391,500 budgeted as a transfer from the General fund for FY 87-88, but a projected figure of $591,500, and that the $200,000 would be included in the supplemental budget for the end of the current fiscal year.

<u>Amendments to General Fund Proposed Budget</u>: Mr. Pangborn stated that this completed the line-item budgets except for the Capital Projects Fund. He called the Committee's attention to four amendments proposed on replacement pages 1 and 2 of the Line-item Budget, distributed at that meeting. First, he said, staff are proposing a 4 percent service increase instead of the original 3 percent, which adds 1 percent in expenses. Also included is an increase in University of Oregon (UO) expenses and revenues; correction of an error in the Customer Service Center (CSC) budget; and a change in the capital reserves.

Mr. Pangborn explained that the process of collecting and processing data regarding service levels begins in January, and staff try to make decisions regarding changes concurrently with the budget process. Recommendations for changes for FY 88-89 will be taken to the Board in May, and a public hearing will be scheduled for June. Mr. Pangborn said that making service adjustments is not a science, but a process of narrowing down the options for service needs in the community. He said that as staff got farther into the process, it became apparent that a 4 percent service increase is more appropriate for the community's needs than the 3 percent increase originally recommended. He added that neither of the recommendations had been approved by the Board; that would not happen until the public hearing is held. If the Board chooses not to increase service, that money would be unexpended for the next fiscal year, but in order to allow the Board the option to increase service, the funds needed to be included in the budget proposal for FY 88-89.

The increase in University of Oregon expenses and revenues occurs because the District has been in deliberations with UO students about a prepaid fare program to get the students on the buses. A prepaid program is in use at the University of California at Santa Barbara (UCSB), which is a small community with a large university, similar to Eugene. The UO is a major trip generator for LTD, but if the District could provide additional incentives to encourage the students to ride the bus, it would also help alleviate the parking problems in the UO/Sacred Heart Hospital area. The suggestion is that each student tax him/herself a specific fee, which would be paid to the District to replace lost farebox revenues. Mr. Pangborn said that through the origin and destination study, the District has learned how many students ride the bus and what kinds of fare instruments they currently use. He added that the program would have to be revenue-neutral, and would include the cost of additional service that would need to be provided for increased student ridership.

The students approved the program by eight votes, but another group of students has raised objections about the process and is appealing the vote. It is possible that the program may not be approved in a new vote, but since it had been approved the first time, staff were proposing to include the additional program in the budget. Mr. Pangborn said that the $56,000 budgeted would pay for 100 percent of the additional costs. He added that staff anticipate that total District ridership would increase by as much as 10 percent because of this program.

Mr. Pangborn next explained that in putting the Customer Service Center budget together, part-time and full-time hours were not budgeted correctly. An additional cost of $7,600 is now included for salaries and FICA.

Mr. Pangborn stated that the change in the Capital Projects Fund is more complex. The District is in the final stages of putting a new facility in Glenwood, the largest capital project in LTD's 17-year history. The current budget is almost $11 million. After the last Budget Committee meeting, LTD opened bids for construction of the new facility, and found that the lowest responsive bidder was $1.4 million over budget. Mr. Pangborn explained that there are two ways to deal with that problem. First, the District can cut expenses, and staff are currently working with the architect regarding 76 or 77 major and minor items, to see where costs in that bid can reasonably be reduced. The Board Facilities Committee will review those suggestions. As an example, Mr. Pangborn said that the District looked at life-cycle costing when designing the facility; that is, specific things, such as a roof which is guaranteed for 20 years, were built into the facility to reduce long-term costs. Mr. Pangborn explained that it is cheaper in the long run to put those kinds of things into the capital end at the front. Now, he said, the District will examine whether or not the roof should be cut to a 10-year roof, and funds found to replace the roof 10 years from now. There are other areas where those kinds of cuts can be considered; however, the District will try to avoid making cuts that will seriously affect the design efficiency of the facility. He added that these suggestions will all come before the Board for final decisions.

The second way to deal with the problem, he said, is to increase the revenues to help offset some of the additional costs. The final decisions regarding revenues will be made by the Board in the next few weeks, but some of the options are to use capital which has been reserved for future capital projects (buses, shelters, etc.); and seeing what flexibility is in the budget without damaging the operational budget.

The projected capital budget for June 30, 1988, is $2 million, which the District has been accumulating for a number of years. In addition, staff are proposing, in a supplemental budget, a transfer of $536,000 this year. The local capital costs for next fiscal year are projected to be $2,017,290, not including the additional $1.4 million for the bid. This leaves a balance of $609,400 as currently projected.

Mr. Pangborn stated that another source of revenue includes a Capital Projects Fund contribution of $273,000. Added to the $609,400, the capital available would equal $882,400. An increase in anticipated operating support for FY 88-89, which could be budgeted to the Capital Projects Fund, amounts to $293,400, for a total available of $1,175,800.

Mr. Pangborn said that the previous week's presentation proposed revenues for next year's budget (page 1 of the Line-item Budget), including a discussion about Section 9 federal operating support and the need to remove the District from reliance on federal operating support. Staff had proposed that LTD begin reducing that amount over the next few years, for two reasons. First, it is difficult to anticipate the amount of money that will actually be received, since the District's budget must be approved by June but federal allocations are not made until October. Second, a myriad of regulations surrounding the use of federal funds also controls how the District can spend the rest of the money. If LTD no longer received federal operating support, it would only have to conform to state rules.

Now, however, the District has a real need to increase the federal funding amount to the anticipated total of $893,448. This would free up $293,400 in local revenues to be transferred to capital reserves, which would make the total available for capital $1,175,800.

Additionally, $131,000 could be taken from the contingency budget for next year, for a total of $1,306,000. In explaining what that change would do to the $200,000 contingency, Mr. Pangborn subtracted the $11,400 for the additional 1 percent service increase; the $7,600 for the CSC; and the $131,000 transfer from contingency to capital, which would leave $50,000 in the contingency fund. In past years, he said, the District had budgeted prudently and had barely taped into the contingency; however, $50,000 did seem a little low.

Mr. Watkinson thought that a contingency of $50,000 for an $8 million budget was a little low, but suggested that some money could be taken from the Risk Management Fund. Mr. Pangborn said, however, that the District had always tried to budget conservatively, which is why there is room to change. In making these changes, he said, the District would be spending its future savings for immediate needs. He said Mr. Watkinson's suggestion to change Risk Management is plausible; LTD has covered all its potential risks, but has never even gone into the deductible.

Ms. Pryor asked how long it took to achieve that level of Risk Management funding. Mr. Pangborn replied that it took three years, because the District had put some money into Risk Management rather than capital projects in order to fully cover the District as quickly as possible. He added that the Risk Management premium costs were levelling out and not growing at as high a percentage as they were a few years ago.

Regarding the new facility, Mr. Pangborn said that the Board could say it will increase the cost and assume it will find the funds in the next two years, because it will take two years to construct the facility, but it is more prudent to budget for all costs now.

Because of federal regulations, the District has had to purchase the remnant of the Moyer property as an uneconomic remnant. The cost for that land is $150,000. In the $1.4 million projected for the new facility, there is no contingency for change orders; only $80,000 in a $9 million budget. Therefore, the District still needs to deal with cutting costs in the new facility.

Mr. Watkinson asked if the bid was still outstanding. Mr. Pangborn said the bid was good for 60 days from April 14. During that time, the District will need to make a decision whether to accept the bid as is, or to make substantial changes in the facility and rebid the project.

Ms. Pryor asked about the construction schedule. Stefano Viggiano, Planning Administrator, said that if the project is rebid, staff would hope to start construction in August. Ms. Calvert added that the ground has already been prepared. Ms. Fuess asked what percentage of changes would cause the project to be rebid. Mr. Viggiano said that the District's attorney had mentioned a figure of about $200,000. The next highest bid was $150,000 more, but other bidders would have a justification for complaints if the District did not rebid, but made cuts that they could have bid on and possibly won the bid.

Ms. Pryor asked what staff were seeking from the Budget Committee that evening. Mr. Pangborn said, first, the increase in the budget for the one percent service increase, the UO program, and the CSC, and second, to increase the federal Section 9 revenue to $893,000 in order to increase the Capital Projects Fund by an additional $293,000.

Mr. Watkinson asked where the extra $100,000 is, if the District needs $1.4 million. Mr. Pangborn said that the first step is to cut the construction budget as much as possible, and that this process was still in review. He said the District could possibly cut $1.4 million in the facility budget, in which case the additional revenue would not be needed, or it could find $1.4 million in revenues without cutting the facility project. However, he said, staff could only come up with $1.3 million without serious damage to the operational budget. Mr. Watkinson asked if the priority was to not change the proposed operational budget. Mr. Pangborn said that could be done, but that staff believed the final solution to be a combination of cuts in the project and increases in revenues. He said that staff were not proposing a solution at this time, but were proposing to the Budget Committee that those options be left open to the Board, so that they could use the additional $1.3 million while leaving the operational budget as is, since there were good reasons for increasing service, etc., which is the main business of the District. He said that staff's goal is to balance the service priorities with the long-term needs for the facility and ongoing operational needs.

Mr. Pangborn said he thought the budget was tighter this year, but he couldn't be sure. Budgeting the payroll taxes at 6 percent might be more realistic than optimistic. He said that the money would not actually have to be transferred until it was needed, toward the end of the fiscal year. He said it could be taken out of the transfer to capital funds as long as it had not actually been transferred.

In response to a question from Ms. Fuess, Mr. Pangborn said that there is a cap on how much money the District can actually receive in federal support. That cap for operating is currently $893,000, and any additional funds have to go to capital funding.

MOTION

SUPPLEMENTAL BUDGET: Mr. Brandt moved that the Budget Committee approve the Supplemental Budget for Fiscal Year 1987-88, as shown on page 15 of the agenda packet for that evening, for adoption by the Board of Directors. Rich

VOTE

Smith seconded the motion. There was no further discussion, and the motion carried by unanimous vote.

APPROVAL OF PROPOSED BUDGET AS AMENDED: Mr. Pangborn reviewed that the proposed budget includes revenue increases for the University of Oregon service and an additional one percent service increase for the system, increasing the Section 9 operating revenues to the cap of $893,000, for total revenues of $9,550,600. Expenditures included additions for the CSC, the UO service, the one percent service increase; and reducing the contingency to $50,000 and transferring the balance to the Capital Projects Fund, for total expenses of $9,550,600. These figures implement what the Budget Committee received at the first Committee meeting and the amendments discussed that evening.

Dr. O'Donnell asked what would be left for bus expansion if the District uses the additional $1.3 million. Mr. Pangborn said that nothing would be left, unless the $50,000 contingency is not needed or there is a year-end balance. He said there is a definite trade-off: deferring future operational funds for immediate needs. Ms. Pryor asked what this would mean for LTD's future. Mr. Pangborn said the capital needs could be addressed in future years. He referred to page 2 of the Capital Improvements Program (CIP) budget, which is a 20-year program. The District has the local share to cover all the local costs for the next fiscal year. However, LTD could run into problems in 1989-90, when local requirements are $68,000, and in 1990-91, when local requirements amount to $419,000. Mr. Pangborn stated that these estimates assume that the projects will receive the maximum federal funding. He added that the Board had formed a committee to look at long-term funding issues.

Roger Smith asked if the District should be seeing cost efficiencies in the new facility. Mr. Pangborn said that now the District's functions are very cramped and, for example, will be moving from six maintenance bays to 14, which will require more energy. He said the new facility would make the District much more efficient but would be more costly to maintain because it is larger. In the long run, he said, it will be less expensive, but not in the first few years.

Mr. Watkinson asked if the proposed budget would be "stealing" capital with nothing to replace it, so the Capital Projects Fund would be short $332,000. Mr. Pangborn replied that it would. Ms. Rivenburg said that also depends on how much the federal government cuts the total budget; given the current level of funding, LTD would have enough to fund the total share, but the District will have problems when federal funds are cut.

Mr. Watkinson stated that whether or not to accept the recommendation for the $1.3 million additional revenue for capital is a Board decision, but the Board hasn't yet decided to spend that money. He asked what would happen if the Budget Committee felt that it would be important to look at cutting some money from the operational side. Mr. Pangborn said that if the proposed budget were approved that evening, the Budget Committee would be beyond the position of making further recommendations to the Board. He suggested that the Committee could keep in mind that half of the Budget Committee is comprised of Board members, and request that any recommendations be considered by the Board before adopting the final budget. Or, he said, the Committee can tell the staff if they do not think the proposed budget is the appropriate allocation of resources and that they would like staff to bring a revised budget back to the Committee for its consideration.

Mr. Pangborn went on to say that the Budget Committee is a review process, and the Board has the final say in adopting the budget. The Board is able to move money around within 10 percent of the Committee approved budget per fund, as long as it is not increasing taxes. The Budget Committee could give the Board a perspective or direction, and the Board could choose to follow that or not.

Mr. Watkinson stated that the Budget Committee is not privy to advice regarding whether or not the District can save money by redesigning the facility. He said that instinct tells him that it will cost money to redesign, and that the District should get on with the project if it can find the money, but he couldn't know that for sure because the Committee did not have that information.

Mr. Brandt stated that the proposed budget, as amended, shows that the District can get on with the project, even without making major cuts. Mr. Watkinson was concerned about this budget taking away from future capital needs. Mr. Brandt said, however, that LTD could increase its revenues $1.5 million per year by increasing the payroll tax or making major cuts on the operational side, although there are probably not any significant areas to cut there.

Ms. Eberly wondered how the Budget Committee members felt about looking at the operational side, and whether or not there were major cuts that could be made. Ms. Fuess wondered how the Budget Committee would know how to make cuts without making dramatic changes in the District's structure. Dr. O'Donnell said that staff would explain those areas if the Committee asked them to. He suggested that by cutting staff conferences, the new facility maintenance coordinator, etc., the District could cut out $100,000. However, he said, his experience in past years has been that staff have been prudent in proposing these kinds of things, and have been prudent enough to end up with a year-end balance. He stated again, though, that staff would find the cuts if the Committee asked them to.

Ms. Eberly agreed that the Committee did have the right to ask for that kind of input from staff, and said she did not want anyone on the Committee to feel reluctant to bring up other ways to look at this budget issue.

Mr. Faulhaber said that, as a new member, it seemed to him that LTD is a well-run organization, and that he was impressed with the presentations. He proposed taking advantage of the economics of the time and going with the $1.3 million and trying to make it up in the future. Additionally, he said, the Committee could make a proposal to the Board and ask it to look at some special issue.

Ms. Fuess suggested that the Board could also ask staff to present several scenarios. Mr. Watkinson said he was not wanting to "axe" the operations, but was at a loss as to how to best fund the facility properly. He said he knew the District could probably always find the money, but he worried about robbing the capital fund.

Mr. Brandt stated that LTD is always conservative in its estimates of payroll tax revenues, and his guess was that the actual figures will be $500,000 to $700,000 higher at the end of the year. He said he thought the District would have to look pretty hard to find anything short of a major reduction in service to reduce expenses, because other costs are not very significant in relation to the total budget.

Ms. Loobey added that staff had gone through this same conversation. Because there have not been major unknowns in the past as there currently were, she said, staff would not have any answers until they completed the exhaustive review of the facility project. She said there are ways to cut the costs of the facility, but the depth or scope of the cuts and whether or not the cuts would violate the original goals for the facility will not be known without further study. The results of that study will be presented to the Board at its May 18 meeting. She explained that this uncertainty is why staff had presented a budget which leaves the greatest flexibility for the Board when it begins looking at these issues. She added that there are checkpoints during the year, and that staff could bring this issue back to the Budget Committee in three months if adjustments need to be made. Mr. Pangborn added that staff had wanted the Committee to know the ambiguities which exist at this point.

Ms. Pryor said that her sense from the discussion was that there was not a desire to have staff return with cuts in the operational budget.

MOTION Rich Smith moved that the Budget Committee accept the proposed Fiscal Year 1988-89 budget as amended, for adoption by the Board of Directors. The motion was seconded.

MOTION - NO SECOND Mr. Watkinson moved an amended budget, that $175,000 be taken from them contingency and the difference of $125,000 be taken from the Risk Management fund. Mr. Watkinson's motion died for lack of a second.

VOTE With no further discussion, the vote was taken on the original motion to accept the proposed budget as amended, which passed unanimously.

ADJOURNMENT: Ms. Eberly moved that the meeting be adjourned. Ms. Calvert seconded the motion, and the meeting was unanimously adjourned at 9:30 p.m.

Roger R Smith

Committee Secretary