

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

March 29, 1983

Pursuant to notice given to the Eugene Register-Guard for publication on March 17, 1983 and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of the Lane County Mass Transit District was held at the City Hall in Eugene, Oregon on March 29, 1983 at 7:45 p.m.

Present:

Board Members

Peter Brandt, Treasurer
Janet Calvert
Judy Nelson
Larry Parducci

Appointed Members

Robert O'Donnell
Rosemary Pryor
Paul Bonney
Raleigh Pedersen

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

News Media Representatives:

Tim Talevich, Eugene Register-Guard

Absent:

Janice Eberly, Secretary
Ted Langton, President
Glenn E. Randall, Vice President

Carol Erbe, Committee Secretary
Emerson Hamilton

CALL TO ORDER: The meeting was called to order by Peter Brandt, Board Treasurer, since last year's Committee Chairman, Joel Kaplan, had recently resigned his position on the Committee.

ELECTION OF OFFICERS: Ms. Loobey described the duties of the Committee officers. She stated that the Chairman would conduct the meetings and would be asked to spend an hour to an hour and a half with staff before budget committee meetings in order to assure that staff were responding to Committee questions and requests in preparing the agenda materials. The Secretary is a formal position required by law which does not include any note-taking function. The Secretary signs the minutes after they have been approved by the Budget Committee. In answer to a question, Ms. Loobey stated that historically these two positions have been lay members of the Committee, not Board members.

At this time, staff and Budget Committee members introduced themselves for the benefit of the new members.

Ms. Calvert nominated Bob O'Donnell for Chairman. Mr. Bonney seconded the nomination. Dr. O'Donnell stated that his only concern would be that he would have to miss the next Committee meeting.

Ms. Pryor moved that the nominations be closed. Ms. Nelson seconded, and Dr. O'Donnell was elected Chairman by unanimous vote.

Dr. O'Donnell then opened the nominations for Committee Secretary. Mr. Brandt nominated Rosemary Pryor, and Ms. Nelson seconded. Ms. Calvert moved, seconded by Mr. Parducci, that the nominations be closed. Ms. Pryor was elected Secretary by unanimous vote.

SCHEDULE FUTURE MEETINGS: Mark Pangborn, Director of Administrative Services and Budget Officer, called the Committee's attention to page 4 of the agenda packet, which listed dates and items for discussion for future meetings. He stated that last year's meetings established that four more meetings this spring should be adequate. There was some discussion about changing the time from 7:30 p.m. Ms. Loobey stated that meetings have been held in the evening because of members' work schedules and in order to insure public input, and that in the past it seemed that it was difficult for people to meet before 7:30 p.m. However, she said, if the Committee wished to meet earlier, it could be done. There was no further discussion on meeting at a different time.

Mr. Pangborn stated that last year the meetings were limited to two and a half hours' duration, so they would finish by 10:00 p.m. He also said that staff would be happy to meet individually with Committee members who had to miss a meeting.

Mr. Pangborn further stated that seven of the 13 Committee members would need to be present to vote on any matters, but if there was not a quorum, staff could present informational materials and a vote could be taken at a later date. Mr. O'Donnell remarked that no vote until the final vote on the total budget is binding and that, until the final vote, there is always the opportunity for review.

Mr. Pangborn then explained the fund chart on page 7 of the agenda packet. The General Fund is for daily operational activities, and includes such things as wages, gasoline, etc. There can be no carryover from year to year in this fund. The Capital Projects Fund is for capital equipment and construction, and cannot be removed from this fund except for day-to-day cash flow or on a one-year-only loan, which must be repaid after that year. The Risk Management Fund was created two years ago as a separate, self-sustaining fund for insurance and risks.

STATUS REPORT CURRENT FISCAL YEAR: Mr. Pangborn then turned the meeting over to Nancy Matela, Administrative Analyst, to discuss the revenue status of the current fiscal year (82-83). She explained that the payroll tax follows the economy and had not recovered in 1982-83. She stated that last year Mr. Brandt and others had reduced the staff's revenue estimate for FY 82-83 which had been based on a report from Governor Atiyeh's office, and that the reduced budget had in fact been very close to the actual figures for this year. Ms. Matela said that ridership seems to be increasing slowly and that the District may come out better than anticipated in passenger fares.

Regarding Federal assistance, Ms. Matela stated that President Reagan does not want transit districts to receive Federal funds, except for capital expenditures. He had originally wanted to decrease operating assistance by thirds over a three-year period. With the five-cent gas tax bill, however, Reagan signed a provision which enabled transit districts to receive approximately the same number of dollars they had received in the present fiscal year. For LTD, that will mean about \$893,000--about \$242,000 over the budgeted figure of \$651,000. The present information available on this issue is that President Reagan once again wants to cut operating assistance back 68% for the next fiscal year. Actual amounts the District would receive will probably not be known until well into the next fiscal year.

Ms. Matela went on to explain the State in-lieu-of-payroll tax program and the District's interest income, and how they affect this year's budget. She concluded by stating that it looked as if FY 82-83 would be a good year, because the anticipated revenue shortfall of six-tenths of one percent had more than been offset by savings in expenditures.

Karen Brotherston, Accountant, then discussed the District's expenditures for FY 82-83. She explained where savings in department budgets had occurred and stated that the District would not have to spend the \$40,000 budgeted for contingencies, since LTD was presently under budget for the year. She stated that LTD did have a liability for accrued vacation of \$180,000 to \$200,000 that had never been budgeted, and that part of that total would have to be budgeted for the next fiscal year.

Ms. Brotherston also explained the reserves in the Capital Projects Fund, caused by projects being completed later than anticipated. She stated that it looks as if the District has a big reserve this year, but explained that those funds are dedicated to certain projects, such as the replacement of the twin coaches or retrofitting the buses with wheelchair lifts.

Regarding the Risk Management Fund, Ms. Brotherston explained that the District's insurance brokers were able to obtain very good rates on insurance this year, but that a previous insurance company had not informed the District about some outstanding claims, so the funds were pretty close to equal for the year.

Mr. Pangborn then discussed a chart showing rider productivity, which compared person trips per vehicle hour over the last several years. He showed the Committee how the availability and price of gasoline, as well as increases in the passenger fares, affect ridership. He also pointed out that a drop in ridership coincides with summer term at the University of Oregon and Lane Community College, as well as with the onset of good weather, just as bad weather causes an increase. He stated that a rise during August of 1982 coincided with the free-fare week during the Lane County Fair, and that that promotion seemed to carry over into higher ridership during September. He stated that productivity was slowly going up, in spite of a 27% cut in service due to budget problems, and that ridership was the number-one goal for the District for the next fiscal year.

GENERAL FUND REVENUE FORECAST: Ms. Matela next discussed the revenue forecast for FY 83-84. She said it is the hardest of recent years to predict because it is extremely difficult to determine the turning point in the local economy. Staff had made three revenue estimates with a 20% spread, from \$5.7 million to \$7.2 million, and Ms. Matela stated that staff believed there would be a 50% chance of the middle, or "most realistic," case to occur, a 30% chance that the economy would get better, and a 20% chance it would worsen. The optimistic figures, she said, were based on Governor Atiyeh's predictions, due to the political aspect of those predictions and to the District's experience with the Governor's predictions last year. The "most realistic" case assumes that the economy will "bump along at the bottom" for awhile before recovery. The "worst case" assumption is based on a 5% decrease such as was experienced from FY 81-82 to FY 82-83.

Ms. Matela stressed that LTD is highly dependent upon University of Oregon and Lane Community College students, and that enrollment at the UO had dropped 7% and LCC's enrollment was now beginning to drop. The District's revenues are also dependent upon what kind of service LTD provides, as well as the public's perceptions of the fares. If service has to be cut for next year, that will decrease the number of passengers and, thus, passenger fare revenues.

Regarding Federal operating assistance, Ms. Matela stated that the optimistic view is that it will remain the same as last year, and the pessimistic case would happen if President Reagan cuts the dollar amount the District would be able to receive. Mr. Pangborn told the Committee that the "realistic" view described by Ms. Matela was more pessimistic than optimistic.

Ms. Matela also explained a chart showing the history of General Fund revenues. She stated that increasing ridership is the District's top priority for the next year, since the ridership base needs to expand in order for fare revenues to increase. There was some discussion about the need to allow time for planning cuts in service, and the fact that if cuts are made at the beginning of the fiscal year, they can be smaller than if they have to be made mid-year.

FISCAL YEAR 1983-84 DISTRICT GOALS: Mr. Pangborn called the Committee's attention to the District's adopted goals on pages 22 and 23 of the agenda packet. He stated that the top two priorities for the next year were to be ridership and service, with the hope that those would increase passenger fare revenues.

DIVISION ACTION PLANS: Mr. Pangborn also mentioned the Division Action Plans beginning on page 24. He stated that the Action Plans generate the expenditures budgets for the divisions.

ADJOURNMENT: Mr. Pangborn asked the Committee members to feel free to contact staff with any questions they may have. He said staff would be presenting the complete budget at the next meeting, with deliveries of the agenda packet the preceding Friday. With no further discussion, the meeting was adjourned by unanimous vote at 8:58 p.m.

Committee Secretary