



**Lane Transit District**  
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**DATE OF MEETING:** August 14, 2008

**ITEM TITLE:** Overview and Discussion of LTD Budget Issues

**PREPARED BY:** LTD Staff

**ACTION REQUESTED:** Information and Discussion

**BACKGROUND:** At the May 8<sup>th</sup>, 2008 MPC meeting, LTD Board member Greg Evans requested that an item be added to an upcoming MPC agenda: “ to discuss LTD’s impending service delivery crisis due to budgetary concerns and high fuel prices, and the potential impact on the community.” (from MPC’s May 8<sup>th</sup> 2008 minutes).

This discussion has been scheduled for MPC’s August 14<sup>th</sup> meeting. Below is background on LTD’s budgetary issues and the process and schedule for deciding on and implementing service cuts.

#### The Challenge

LTD ridership is growing very quickly. While the District has traditionally enjoyed good ridership and ridership productivity, the last three years have brought ridership gains of over 35 percent. In 2007-08 alone total boardings grew by 17 percent setting a record 11.4 million boardings.

The challenging part of this rapid ridership growth is the fact that the growth is system-wide. EmX ridership continues to set the pace, but routes throughout the system are growing at rates that are downright amazing and a little unsettling due to the District’s lack of ability to meet increasing demand.

A budget gap is widening as the cost of both fuel and paratransit services grow at unprecedented rates. These cost increases are robbing the District’s general fund and creating a situation that will require bus service cuts in 2009. Actions the Board has already taken to address this issue are as follows: The LTD Board adopted sweeping fare increases to boost revenues and District staff developed budgets that reduced staffing and cut materials and services budgets. Capital projects were dropped or pushed to future years. These strategies helped mitigate the severity of the budget gap, but cannot close it.

#### Revenue Options

Additional revenues are being pursued at State and Federal levels, but these funds won’t address the short-term needs of the District. The Board examined a local property tax measure that would have generated funds to maintain current service and expand slightly to meet growing demand. A decision not to pursue a ballot measure at this time was in response to comments from local business

owners and citizens who felt there wasn't sufficient time to educate the voters and that it's difficult to pass tax measures.

With no new sources of revenue, LTD is faced with cutting bus service in the fall of 2009. \$3 million in operating reserves will be used this fiscal year to continue operating at current service levels. This will allow for a planned reduction in services. Staff will prepare service reduction scenarios totaling 15 percent of current service hours. These changes will be dramatic and will affect a large number of riders throughout the District's service area.

#### Moving Forward

The attached timeline will be followed as the District seeks public involvement in the decision-making process. The involvement of our jurisdictional partners is very important to the process. LTD has provided an overview of the current situation to the Transportation Planning Committee and the MPO Citizen Advisory Committee. LTD staff will extend invitations to the city councilors and County commissioners who wish to participate in town hall meetings hosted by LTD Board members over the coming months.

LTD encourages the City's and County to support LTD's efforts at both the State and Federal levels. Our United Front approach to federal funding requests has been highly effective in the past. LTD feels this strategy will yield positive results in solving this key transportation issue.

Additionally, LTD seeks MPC's input into other creative solutions that may be pursued locally. We need to solve this issue in order to maintain the positive momentum building around the use of public transportation. Our community's quality of life depends upon a solid transportation system and strong public transit is a key component of this transportation system.

## FY 2009-10 LTD Service Reduction Process and Schedule

### 2008

- Jul 1 - Fare increases take effect
- Jun-Sep - Service planners develop options for service reduction  
- Other possible budget reductions investigated
- Aug- Sep - Open houses and town hall meetings on possible service reductions
- Sep - Second fare increase takes affect
- Jun-Dec - Prepare for 2009 Legislative Session  
- Revenue options investigated further
- Oct 13 - Public Hearing on service reductions
- Nov 10 - Public Hearing on service reductions
- Nov 17 - Board decision on service reductions

### 2009

- Jan 5 - Legislative Sessions Starts
- Mar 18 - Board consider fare increases for FY 2009-10
- Apr 29-30 - Budget Committee Meetings
- Jun 17 - Board adopts FY 2009-10 budget
- Jun 30 - Legislative Session ends
- Sep 20 - Service reductions implemented