

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT
REGULAR BOARD MEETING/WORK SESSION

Wednesday, December 19, 2007

Pursuant to notice given to *The Register-Guard* for publication on December 13, 2007, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held its regular monthly meeting on Wednesday, December 19, 2007, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Gerry Gaydos, President, presiding
Dean Kortge, Secretary
Debbie Davis, Treasurer
Michael Dubick
Mike Eyster, Vice President
Greg Evans
Mark Pangborn, General Manager
Jo Sullivan, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: (One vacancy, Subdistrict 4)

CALL TO ORDER/ROLL CALL – Mr. Eyster called the meeting to order at 5:35 p.m. and called the roll. Mr. Eyster noted that Mr. Gaydos would arrive shortly. Assistant General Manager Stefano Viggiano noted that Mr. Pangborn had been detained at a meeting and also would arrive shortly. Mr. Gaydos arrived soon after the roll call and Mr. Pangborn arrived at 5:50 p.m.

PRELIMINARY REMARKS BY BOARD PRESIDENT – None

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA – Director of Service Planning, Accessibility and Marketing Andy Vobora announced that the Summit Group, a national organization that recognized excellence in advertising, had given an award for best animation to the EmX commercial. He introduced Sandy Trahan and Liesl McLean from Lamar Advertising, which handled advertising on LTD's buses.

Mr. Trahan expressed his appreciation for the partnership with LTD. He said that Lamar had paid the District \$252,000 during the past year, and presented a check for the revenue-sharing portion of the agreement in the amount of \$75,427.94.

Mr. Gaydos arrived at 5:40 p.m.

BOARD CALENDARS – There were no questions or comments.

WORK SESSION

Commuter Solutions Annual Report – Director of Planning and Development Tom Schwetz observed that many people lived in Lane County because of the quality of life, and there were many challenges to maintaining that related to transportation. LTD was in a position to provide choices and Commuter Solutions had many tools to help meet that challenge.

Mr. Schwetz explained that LTD formed Commuter Solutions in 1995 in conjunction with regional partners to promote the use of alternative modes. He reviewed several of the Commuter Solutions programs, including group pass, student transit pass, Smart Ways to School, Safe Routes to School, and congestion mitigation services. He noted there were 73,000 group pass participants and the student pass program had 5,500 boardings per day. He said Smart Ways to School helped educate students and parents about options for getting to school, and the Safe Routes program distributed federal funding to schools through grants for projects to improve student safety. He said congestion mitigation services were very successful and the KeepUsMoving.info website provided travelers with information about construction projects and road and lane closures.

Mr. Schwetz stated that Commuter Solutions funding was provided through \$5,000 contributions from Eugene, Springfield, Lane County and LTD; a \$100,000 contribution from the Oregon Department of Transportation (ODOT); and \$340,000 from the Metropolitan Planning Organization (MPO). He said there were many opportunities for future growth in areas such as ridesharing, vanpools, Park & Ride, increasing transit ridership, coordination with land use and development activities, and a travel smart pilot program.

Independent Audit Report – Director of Finance & Information Technology Diane Hellekson introduced Charles Swank of Grove, Mueller and Swank to present the independent audit report.

Mr. Swank explained that auditing standards had changed dramatically and auditors were now tasked to challenge the system, not just audit the numbers. He said that each type of transaction would be ranked according to risk and audit procedures related to the extent of the risk. He reviewed the contents of the management letter and pointed out that recommendations were classified in one of three categories: material weakness, significant deficiency, or control deficiency. He said the two recommendations in the letter were categorized as control deficiencies and related to review of payroll change forms and home football game days shuttle fare collection. He said both had been presented and discussed with management and he was confident that appropriate action would be taken.

Mr. Swank commended the Finance staff and quality of the District's accounting function. He identified the components of the audit report and directed the Board attention to the Management Discussion and Analysis, which would be helpful in reviewing the financial statements. He noted the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. In response to a question from Mr. Kortge, he said the status of the two recommendations would be reviewed in the next audit and reported to the Board.

West Eugene EmX Extension Purpose and Need/Goal and Objectives – Mr. Schwetz provided an overview of the proposed Purpose and Need Statement and Goal and Objectives for the West Eugene EmX extension project. He said the draft language had been subjected to extensive public review and comment and the proposed document reflected revisions based on input from the public and the West Eugene EmX Extension Corridor Committee. He said the public comments received to date on the project were included in the agenda packet. He reviewed project and outreach activities conducted through mid-December and the next steps in the process.

Mr. Eyster remarked that it was apparent during the recent joint meeting with the Eugene City Council that some councilors thought LTD was imposing the West Eugene EmX corridor on the City, when in fact the Council had asked LTD to pursue that as the third bus rapid transit corridor.

Mr. Evans speculated that some councilors might not have been in office when the initial discussions occurred and suggested it would be helpful to educate them about the project and how it was initiated.

Mr. Gaydos remarked that people who had been on a recent tour of alignment alternatives found it very helpful and suggested that another tour could be scheduled.

Mr. Schwetz asked the Board to adopt the Purpose and Need Statement and Goal and Objectives during the regular meeting. He said that once the Board had adopted the language, the Federal Transit Administration (FTA) would review it and take formal action to concur. He added that any changes by the FTA would be brought back to the Board for consideration. In addition to FTA, any agencies identified as cooperating agencies also would need to concur. He anticipated that U.S. Army Corps of Engineers and Bureau of Land Management would become cooperating agencies.

Mr. Eyster asked if the Board should request the City Council's endorsement of the Purpose and Need Statement and Goals and Objectives to confirm the partnership with LTD. Mr. Schwetz said that was not required but could be done at the Board's direction. He had some concern that the process could be delayed by requiring formal action by the Council.

Assistant General Manager Stefano Viggiano suggested that staff could draft a letter from the Board thanking the Council for the joint meeting and referencing past collaboration on the project to clarify the record.

Mr. Eyster reiterated his interest in obtaining the City Council's commitment to the project and eliminating the implication that LTD was imposing a West Eugene corridor on the City.

Mr. Schwetz concluded his presentation by reviewing the next steps in the process and informing the Board that staff would return at the February 2008 meeting with a status report and present final recommendations at the March 2008 meeting.

EMPLOYEE OF THE MONTH – The Board recognized Bus Operator Fred Pearson. Director of Transit Operations Mark Johnson described Mr. Pearson's achievements and noted that two regular riders had nominated him.

Mr. Gaydos thanked Mr. Pearson for his dedication to LTD's mission and presented a certificate of appreciation, a check, and pin commemorating his award. Mr. Pearson said he had applied for a job with LTD when he retired from the military and was amazed at the outstanding training he had received. He appreciated the fact that a number of LTD employees were retired from the military.

AUDIENCE PARTICIPATION – Mr. Gaydos determined that there was no one wishing to speak.

ITEMS FOR ACTION AT THIS MEETING

MOTION **Consent Calendar** – Mr. Eyster moved adoption of LTD Resolution 2007-041: It is hereby resolved that the Consent Calendar for December 19, 2007, is approved as presented. Mr. Kortge provided the second. The Consent Calendar consisted of the minutes of the October 17, 2007, Special Board Meeting; November 26, 2007, Special Board Meeting/Executive Session; and November 30, 2007, Board Strategic Planning Work Session.

VOTE The Consent Calendar was approved as follows:
AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: (One Vacancy, Subdistrict 4)

Acceptance of Independent Audit Report – Ms. Hellekson stated that an independent audit report was required by law and regulation to be presented to the Board annually by the end of December. She asked the Board to formally accept the report for the record.

MOTION Ms. Davis moved approval of LTD Resolution No. 2007-042: Resolved, that the LTD Board of Directors accepts the Independent Audit Report for the fiscal year ending June 30, 2007. Mr. Dubick provided the second.

VOTE The resolution was approved as follows:
AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: (One Vacancy, Subdistrict 4)

Olympic Trials Shuttle Pricing – Mr. Vobora said that the Board Service Committee—formerly known as the Board Service Planning and Marketing Committee—met to discuss shuttle pricing for the Olympic Trials. He asked Committee Chair Mike Eyster to report on the Committee's action.

Mr. Eyster reported that the Committee had discussed reconsidering the Board's earlier action to establishing shuttle pricing for the trials and consequently was recommending changing the rate from \$91 per service hour to \$65 per service hour. He said the \$65 rate would cover the District's costs, but not the entire overhead; it represented the most attractive rate LTD offered.

Mr. Kortge asked why the Board's original decision was being reconsidered.

Mr. Eyster said the reconsideration was an effort to support the Olympic Trials as a significant event for the city and the region. He said the Committee had discussed whether this might be perceived as a precedent and wanted to make it clear that no precedent was being established and pricing for events would continue to be determined on an individual basis. He said that the Committee was unanimously recommending changing the rate to \$65 per service hour.

Mr. Vobora added that the organizing committee had originally estimated it would need 1,100 hours, but had revised that to 1,600 hours and asked for consideration of a lower rate to fit within the budget.

Mr. Dubick said he was initially skeptical of the request because he was concerned with LTD's finances and establishing a precedent for the lower rate. He said the lower rate would mean \$40,000 less in revenue, but felt it was appropriate to make the recommendation to the Board.

Mr. Evans said he supported the recommendation for several reasons, including the scope of the event and its regional impact, community investment in the local economy that would pay dividends in the future, and continuing to set pricing for events on a case-by-case basis.

Mr. Kortge raised a process issue. He said when a Board decision was being considered, Board members should be provided with all of the available information, particularly the fiscal impact of reconsideration. He stated that he could not support the motion because \$40,000 was a significant decrease in revenue and he thought it did establish a precedent for similar events.

Mr. Vobora said the Board could have a discussion about establishing pricing independently for each event without setting a precedent for a particular type of event. He said staff had no objection to the \$65 rate as it did cover hard costs for shuttle operation; administrative costs were being donated.

Mr. Evans suggested that the Board consider developing a policy that would take into account events like the Olympic Trials and provide guidelines for event pricing.

Mr. Kortge pointed out that the Board already had a special events pricing policy.

In response to a question from Mr. Eyster, Mr. Vobora said the Oregon Country Fair was a 600-hour event, compared with 1,600 for the trials.

Mr. Dubick said he had given the matter considerable thought and thought that while the event would be beneficial to the region, his responsibility was to the financial health of LTD. He would not be able to support the recommendation.

MOTION Mr. Evans moved adoption of LTD Resolution No. 2007-046: It is hereby resolved that the LTD Board of Directors authorizes an event shuttle rate of \$65 per service hour for approximately 1,600 hours of service for the 2008 Olympic Trials shuttle service package. Mr. Eyster provided the second.

VOTE The resolution was adopted as follows:
 AYES: Davis, Evans, Eyster, Gaydos, (4)
 NAYS: Dubick, Kortge (2)
 ABSTENTIONS: None
 EXCUSED: (One Vacancy, Subdistrict 4)

Mr. Pangborn assured Mr. Kortge that the Board would be better informed in the future if reconsideration of an action was recommended.

2008 Annual Route Review – Mr. Vobora said a public hearing on the proposed service package was held November 12, 2007, and there were no substantial changes to the proposal presented to the Board. He said that Stage Two of the Annual Route Review would be presented in February 2008.

MOTION Mr. Kortge moved approval of LTD Resolution No. 2007-043: It is hereby resolved that the LTD Board of Directors approves Stage One of the FY 2008-09 service recommendations as presented on December 19, 2007, and as shown on the 2008 Annual Route Review - Stage One Service Summary. Ms. Davis provided the second.

VOTE The resolution was approved as follows:
 AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge (6)

NAYS: None
ABSTENTIONS: None
EXCUSED: (One Vacancy, Subdistrict 4)

West Eugene EmX Extension Purpose and Need/Goal and Objectives – Mr. Schwetz asked the Board to adopt the Purpose and Need Statement and Goal and Objectives as presented during the work session.

MOTION Mr. Evans moved approval of LTD Resolution No. 2007-044: It is hereby resolved that the LTD Board of Directors adopts the recommended Draft Final Purpose and Need Statement and Goal and Objectives, dated December 5, 2007. Mr. Kortge provided the second.

Mr. Gaydos commended LTD for doing an excellent job of listening to the community and creating a better document by incorporating the public's comments. He thanked staff for their work on the project.

VOTE The resolution was approved as follows:
AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: (One Vacancy, Subdistrict 4)

Mr. Gaydos asked that staff draft a letter, as discussed during the work session, for transmittal to the City Council, along with the adopted Purpose and Need Statement and Goal and Objectives.

ITEMS FOR INFORMATION AT THIS MEETING

Board Member Reports

LCOG Board – Mr. Dubick reported that the Lane Council of Governments (LCOG) board of directors still had not adopted the Lane County coordinated population projections.

Board Outreach – Mr. Gaydos expressed appreciation for Board members' willingness to meet with neighborhood associations and other community groups. He believed that it benefited the District and the Board to get acquainted with the public and share information. He hoped that could continue on a regular basis.

Mr. Kortge agreed that it was important for the Board to be engaged in outreach as members could provide a different perspective than staff.

Mr. Evans suggested a presentation to the Eugene and Springfield chambers of commerce and other groups within the business community to provide an update on EmX and other District activities.

Comprehensive Annual Financial Report – Ms. Hellekson referred to an executive summary of the Comprehensive Annual Financial Report (CAFR) in the agenda packet. She noted that 2006-07 had been a solid financial year; there was some slowing of payroll tax receipts but those had since increased and there were no negative consequences, as other revenue compensated. She said there was a problem with the growth in demand for accessible services. She said it had been the most productive year in LTD's history. and that could cause concern because of the increased ridership on

the fixed-route system by riders with prepaid instruments, which meant that the growth of fares was not consistent with growth in ridership.

Regarding the two recommendations in the management letter, Ms. Hellekson said the concern about review of payroll change forms was based on lack of an independent person not in the chain of command to supervise the review. She said that correction would require some reorganization to identify an individual to perform that task.

Mr. Kortge asked if there would be budgetary implications. Ms. Hellekson said it would not require creation of more FTE, only a shift of assignments. She said that LTD might be at a point where an internal audit function was appropriate and that would be discussed during the budget process.

Ms. Hellekson stated that concerns with the chaotic boardings and lack of fiscal controls at Park & Ride facilities during football games were longstanding. She was pleased that the problem had been raised in the audit report, and indicated that there were two ways to address the problems and continue to meet service obligations: require prepaid fares or have the University attach a surcharge to all home ticket sales. She said the first solution was impractical, and the University was opposed to a surcharge. She stated that the only remaining option was to shift the problem to the University, which meant that the University would have to craft temporary fareboxes for each of the shuttles and be responsible for collecting and counting the money. In this case, the University would purchase the service from LTD and LTD would no longer be involved in collecting fares, eliminating the audit concern.

Federal Funding Requests – Mr. Viggiano reviewed LTD's United Front requests for funding for an additional EmX vehicle, environmental analysis of the West Eugene EmX corridor, and a Gateway Park & Ride facility.

Mr. Kortge asked if there were standards regarding the number of spare vehicles. Mr. Viggiano replied that spares were limited to 20 percent of the overall fleet, calculated on peak pullouts.

Mr. Eyster asked if staff anticipated the need for additional EmX vehicles to be in service. Mr. Viggiano replied that the buses were currently fairly full and if there was an overload, the District would consider how to address that, although expanding service was unlikely because of the significant expense involved.

Mr. Viggiano explained that the current federal transportation bill would expire on September 30, 2009, and discussions had begun on the next bill. He reviewed the list of potential funding requests, including the third EmX corridor, operating base renovation and expansion, Franklin Boulevard improvements, and elderly and disabled transportation. He noted that details for those items were provided in the agenda packet.

Mr. Pangborn commented that Mr. Evans had been appointed to the American Public Transportation Association's (APTA) committee on reauthorization of federal transportation legislation.

In response to a question from Mr. Eyster, Mr. Viggiano explained that federal regulations prohibited the District from charging more than twice the cash fare for paratransit services.

Mr. Viggiano explained that Congress had developed an omnibus funding bill that met the President's budget goal. It appeared the bill would move forward, which would mean that funding for the fiscal year would be approved soon. Mr. Pangborn added that the bill included funding for Pioneer Parkway and Alternative Analysis for the West Eugene corridor.

Ms. Davis left the meeting at 7:20 p.m.

Garfield Property: Sale or Lease – Mr. Viggiano asked the Board to provide direction on the sale or lease of property in West Eugene to the City of Eugene for a police patrol facility. He said a site plan of the property, which was adjacent to the RideSource facility, was included in the agenda packet. He said that the 20-year growth projection for RideSource left approximately 3.5 acres available on the site and the City had indicated that was sufficient for the police facility.

Mr. Eyster asked if a land swap was possible. Mr. Viggiano replied that the City had not been able to identify a suitable piece of property to swap. He estimated that the police facility project was at least five years in the future. Mr. Pangborn remarked that the police facility could need to be bonded.

Mr. Viggiano referred to a summary of the advantages and disadvantages of selling or leasing the property included in the agenda packet. He said the matter was discussed by the Board Finance Committee, which was opposed to selling the property but thought a long-term lease might be considered. He noted that a lease could provide some cash flow, but it could be very difficult to remove the tenant at the end of the lease period.

Mr. Kortge said the Committee had discussed sale of the property in detail and concluded there was no reason to sell it. He said there was some interest in the possibility of a lease, but there were many issues to be considered, and the District should wait until the City came forward with a request.

Mr. Gaydos remarked that sometimes being a good partner in the community was as important as the financial considerations.

Mr. Dubick commented that if the property were sold, LTD would have funds for a one-time use; leasing would provide an ongoing revenue stream that might be more useful. He said the District was far from the point where a satellite facility would be needed.

Mr. Gaydos recommended that the District indicate its willingness to work with the City and not take a specific position at this point. He asked if the revenue from a sale could be invested. Ms. Hellekson replied that the money was earning more invested in the land than it would invested in any other instrument currently available to the District.

Monthly Financial Report – Ms. Hellekson called attention to the report, on page 83 of the agenda packet. She stated that ridership was extremely healthy and everything looked good, with the exception of fuel and accessible services. She noted that retroactive payments on the contract settlement had not been posted. She acknowledged Finance Manager Carol James' work on preparation of the CAFR.

MOTION EXECUTIVE SESSION PURSUANT TO ORS 192.660(2)(i) – Mr. Dubick moved that the LTD Board of Directors meet in Executive Session pursuant to ORS 192.660(2)(i), to review and evaluate the employment-related performance of the LTD general manager. Mr. Evans provided the second.

VOTE The motion was approved as follows:
AYES: Dubick, Evans, Eyster, Gaydos, Kortge (5)
NAYS: None

ABSTENTIONS: None
EXCUSED: Davis, (One Vacancy, Subdistrict 4) (2)

The Board entered Executive Session at 7:37 p.m. Mr. Pangborn and Director of Human Resources Mary Adams were present for this discussion with the Board.

RETURN TO REGULAR SESSION – The Board returned to regular session at 7:55 p.m.

PUBLIC COMMENTS ON GENERAL MANAGER'S EVALUATION -- Upon returning to regular session, Board members praised Mr. Pangborn for his outstanding performance during the past year. Mr. Dubick noted that the evaluation of Mr. Pangborn was excellent and the feedback received from all groups was excellent overall. The Board members expressed their appreciation for Mr. Pangborn's excellent leadership within the organization and externally, noting that there had been a tremendous amount of success in the past year. They noted that the accomplishments had not always been easy, but the results were outstanding, such as the implementation of bus rapid transit, successful union negotiations, staff and Board interactions, and LTD's continuing positive national reputation.

BOARD HR COMMITTEE RECOMMENDATION -- Mr. Dubick said that the Committee members thought they needed to look at the general manager's compensation in two different ways: (1) maintain the general manager's salary at a level comparable to others in similar systems and pay the general manager at an acceptable level in order to recruit in the future; and (2) reward excellent performance. The Committee members thought that contributing an amount to Mr. Pangborn's retirement account as opposed to a salary increase was one way to reward that performance. Mr. Eyster said that the Committee also has reviewed comparisons with local CEOs as benchmarks, as well.

Mr. Kortge stated that he still wanted to voice an objection to a perpetual cost-of-living (COLA) adjustment for the general manager. Mr. Eyster replied that the Committee had discussed that and that some of the members were willing to reconsider whether or not the COLA should be automatic. Mr. Gaydos noted that at that point, the automatic COLA was an agreement between the Board and the general manager.

Mr. Kortge said that he was glad the committee had held that conversation, and added that the Committee's recommendation made a lot of sense to him. Board members reiterated that it was important to pay attention to keeping the general manager's compensation at an acceptable level so there would not be a wide variance in future years when Mr. Pangborn might decide to leave LTD. Mr. Kortge said he thought it was important to do this annually, but not automatically.

MOTION Mr. Kortge moved adoption of LTD Resolution 2007-045: "Resolved, the LTD Board of Directors adopts the Fifth Amendment to the Restatement of the Lane Transit District Salaried Employees' Retirement Plan Dated June 19, 2002, as recognition for General Manager Mark Pangborn's outstanding performance during the past year." Mr. Eyster provided the second.

VOTE The resolution was approved as follows:
AYES: Dubick, Evans, Eyster, Gaydos, Kortge (5)
NAYS: None
ABSTENTIONS: None
EXCUSED: Davis, (One Vacancy, Subdistrict 4) (2)

GENERAL MANAGER'S 2008 GOALS AND OBJECTIVES

Draft goals and objectives for the general manager had been discussed by the Board HR Committee and included in the agenda packet for the meeting.

MOTION Mr. Eyster moved that the Board adopt the LTD General Manager 2008 Performance Goals and Objectives dated December 13, 2007. Mr. Evans seconded the motion

VOTE The motion was approved as follows:
AYES: Dubick, Evans, Eyster, Gaydos, Kortge (5)
NAYS: None
ABSTENTIONS: None
EXCUSED: Davis, (One Vacancy, Subdistrict 4) (2)

ADJOURNMENT – There was no further business, and the meeting was adjourned at 8:02 p.m.

Board Secretary