

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL BOARD MEETING

Wednesday, February 21, 2018

Pursuant to notice given to *The Register-Guard* for publication on February 14, 2018, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Special board meeting on Wednesday, February 21, 2018, beginning at 2:45 p.m., at the Oregon Trail Council, Boy Scouts of America Conference Room, 2525 Martin Luther King, Jr. Boulevard, Eugene, Oregon.

Present: Gary Wildish, President
Carl Yeh, Vice President
Kate Reid, Secretary
Don Nordin, Treasurer
April Wick
Steven Yett
A.J. Jackson, General Manager
Kristin Denmark, General Counsel
Camille Gandolfi, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: Ed Necker, Secretary

CALL TO ORDER/ROLL CALL — Mr. Wildish convened the meeting and called the roll.

PRELIMINARY REMARKS BY BOARD PRESIDENT — Mr. Wildish noted that prior to the meeting the Board had an opportunity to tour one of LTD's new electric buses with Senator Jeff Merkley.

COMMENTS FROM THE GENERAL MANAGER — There were no comments.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA — Mr. Wildish announced that under the agenda section Action Items, the items related to Ad Hoc Fare Committee and LTD Fare Policy would be taken up, following action on the Consent Calendar.

BOARD CALENDARS — Ms. Jackson stated that the updated calendar had been conveyed electronically to Board members.

EMPLOYEE OF THE MONTH – MARCH — The Board recognized Accessible Services Specialist John Ahlen as the March 2018 Employee of the Month. Mr. Wildish presented Mr. Ahlen with his award and thanked him for his outstanding service and dedication to LTD's mission. Mr. Ahlen thanked the Board and said he was humbled by the award. He appreciated the support he received from bus riders, co-workers, and the Board and highlighted some of the many ways that LTD made accessibility a priority.

AUDIENCE PARTICIPATION — There was no one wishing to speak.

ITEMS FOR ACTION AT THIS MEETING

MOTION **Consent Calendar** — Mr. Nordin moved that the Board approve the Consent Calendar for February 21, 2018, as presented. Ms. Wick provided the second. The Consent Calendar consisted of the Minutes of the January 17, 2018, Regular Board Meeting and the Delegated Authority Report-January.

VOTE The motion was approved as follows:
AYES: Nordin, Reid, Wick, Wildish, Yeh, Yett (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Necker (1)

Ad Hoc Fare Committee - Youth and Low Income Fare Program — Mr. Wildish said this item was a follow-up to the Board's discussion at its retreat the previous day. He asked Ms. Reid, Ms. Wick, and Mr. Yeh to work with staff to establish a committee to address the issue.

Ms. Reid pointed out that the intent of the ad hoc committee, as discussed at the retreat, was to examine LTD's entire fare policy rather than focus only on youth and low income fare programs; including youth and low income in the agenda item title was misleading.

Mr. Yeh agreed that the intent was to look at the whole fare policy, including youth and low income fare programs.

Ms. Jackson said provisions in the new state transportation legislation made it necessary for LTD to demonstrate it was addressing youth and low income fare programs, which is why those terms were specified.

Board members concurred that the ad hoc committee would be established to review the District's entire fare structure, including, but not limited to, fares for youth and low income populations.

LTD Fare Policy — Mr. Yeh stated that he had asked for a discussion of LTD's fare policy because if the Board wished to institute a youth pass program in the fall of 2018, it would be necessary to make some decisions quickly; course adjustments could be made later as necessary. He suggested that staff be directed to present a proposal for a youth pass program, including the financial impact, route adjustments, and other factors that could affect District operations.

Mr. Nordin said that he supported the concept of a youth pass program. He said that he felt it should be done in coordination with school districts and the discussion should start soon as Mr. Yeh suggested.

Ms. Wick said that she also agreed it was important to begin the discussion and establish LTD's intent regarding a youth pass program.

Mr. Yett asked if school districts would be able to request state funds to contribute to a youth pass program. Director of Public Affairs, Edward McGlone, said LTD currently received about \$10,000 annually across the multiple school districts that it served for contracts. He said that he was not certain the districts would be willing to contribute those funds and in the case of Eugene 4J, that district was considering reviving its school bus program.

Ms. Reid said she was not opposed to a youth pass program, but was concerned that efforts to implement one in the fall of 2018 could preempt necessary research to determine if it was

financially feasible and consistent with what school district and students wanted. She said that she agreed the discussion should begin, but did not think the expected outcome should be implementation of a September 2018 program.

In response to questions from Mr. Yett about administration of a pass program and school district concerns, Mr. McGlone said staff would likely recommend, based on conversations with Eugene and Springfield school districts, having the districts administer the pass program. LTD would provide the fare medium and the districts would deliver services through their administrations. He said one concern related to extending the pass program to middle school students and inappropriate use of passes. He said districts preferred to have control over who had access to passes. He explained that the difference between a student pass program and "yellow bus" program was that schools were eligible for reimbursement for the cost of operating school (yellow) bus programs, but not passes. Additionally, schools could not be reimbursed for transportation costs for middle and high school students who lived within a one mile radius of the school.

Mr. Yeh observed that the discussion illustrated the complex issues involved in determining whether LTD should implement a youth pass program and stressed the importance of beginning to research the subject immediately so preliminary decisions could be made.

Ms. Reid encouraged the discussion of a youth pass program be separate from the ad hoc committee because it might generate an interim solution, while the ad hoc committee should take whatever time was necessary to examine the entire fare policy structure.

Assistant General Manager of Service Delivery, Mark Johnson, said staff could provide information at the March Board meeting that would identify the pros and cons of implementing a youth pass program in September 2018.

Ms. Jackson said staff could present data that would enable the Board to make a decision. Her concern, however, was that if the Board hoped to implement a program in the fall of 2018, she needed to assign staff to the task, but those would be the same staff that would also be supporting the ad hoc committee's examination of the entire fare structure. She shared an example from the Los Angeles transit district's pilot program to encourage ridership that reduced fares during non-peak hours. Although the program had a stated start and end date, when fares returned to the normal rate the community objected because a Title VI analysis was not conducted before the fares were raised. She cautioned that implementing an interim solution would require an analysis if adjustments were made in the future.

In response to a question from Mr. Nordin, Mr. McGlone and Ms. Reid explained Willamalane Park and Recreation District's 1Pass program, which is a partnership between Willamalane, the Eugene Parks and Recreation Department, LTD, and a number of private businesses to provide students a pass to summer activities and entertainment. Users paid a \$50 fee for a 3-month pass that gave them unlimited access to LTD, Willamalane, the City of Eugene's recreation facilities, and discounted access to private facilities. Program revenue was first used to reimburse private partners for their actual costs, and then LTD was reimbursed for its costs, followed by a three-way split of the remaining money among the three governmental partners. The pass was highly used, but was not tracked as a farebox element.

Mr. Yeh supported tasking staff with developing information about the feasibility of a youth pass program to demonstrate LTD's willingness to pursue the matter, rather than identifying reasons it would not work.

Mr. McGlone said that staff and the Strategic Planning Committee (SPC) had begun working on the issue and could provide the Board with a number of potential strategies.

Mr. Yett asked if a scholarship approach would address Title VI issues. Ms. Denmark said a Title VI analysis was required whenever service changes were made to determine if there was any disproportionate impact on certain populations, including low income and minorities. Ms. Jackson said the burden of a Title VI analysis could be shifted to another entity if that entity was making those service changes and LTD's operations were not affected.

Mr. Yeh said it would be helpful if the staff could include the option of implementing a program in January 2019 if additional time was necessary.

Ms. Wick said the youth pass program was worthwhile to pursue. Her only hesitancy was trying to implement one too quickly without sufficient information. She agreed that it was important for LTD to establish the intent, but wanted the program to be implemented thoughtfully to avoid problems.

Fiscal Year 2016-2017 Independent Audit Report and Comprehensive Annual Financial Report (CAFR) — Director of Finance, Christina Shew, introduced Julie Desimone and Kevin Mullerleile of Moss Adams, LLP to present the audit report and CAFR.

Ms. Desimone gave an overview of the audit process. She said transit agency audits were complex and reviewed the standards and compliance guidelines governing LTD's audits. She said the process this time also included pension trusts in the CAFR. She said that she was pleased to report that the result was an unmodified, or clean, opinion that did not identify any problems with financial statements. She said a marked improvement in internal controls occurred over the course of the year and while material weaknesses were noted at the beginning of the year, the changes to internal controls and additions of new controls resulted in an enhanced structure that would provide very good results in the future. She commended Ms. Shew and her staff for their work.

Mr. Mullerleile reported there were no compliance findings or issues with internal controls related to federal funds and clean opinions were issued. Ms. Desimone added that all findings from the previous year's audit were resolved.

Mr. Mullerleile said the audit focused on significant audit areas, but because this was the first time Moss Adams had worked with LTD, an examination of all aspects of finance was conducted. Key areas included:

- Cash and investments
- Capital assets
- Pension plans
- Grant funding
- Oregon minimum standards

Ms. Desimone said that significant accounting policies established the rules for financial statements and any changes in policies could impact the figures being reported. It was important to identify any policy changes to determine if there were differences in reporting between current and prior years. She reviewed some components of financial statements, such as the estimated life of assets. She said all of LTD's accounting estimates were in line with the industry and no concerns were identified. She said management was very cooperative during the audit process and there were in depth discussions about adjustments that could be made to the internal control system and information about industry best practices were shared.

Mr. Mullerleile said that new federal accounting standards were on the horizon and Moss Adams would provide training on those in April, as well as best practices for implementation. An invitation had been extended to LTD management. Ms. Desimone said Board members were also welcome to attend the training.

Ms. Desimone said that in the future all agencies would be required to include present pension obligations in financial statements, which would affect liability and equity positions. She summarized the audit results and noted that federal reporting deadlines had been met.

The Board commended Ms. Shew and her staff for their work.

Assistant General Manager of Administrative Services, Roland Hoskins, also commended staff and thanked Moss Adams for their audit work and assistance improving LTD's financial management structure.

MOTION Ms. Reid moved LTD Resolution No. 2018-02-17-005: Resolved, that the LTD Board of Directors received the independent audit for Fiscal Year 2016-2017, and accept the independent auditor's reports contained in the Comprehensive Annual Financial Report and Single Audit for the fiscal year ending June 30, 2017. Mr. Yeh provided the second.

VOTE The motion was approved as follows:
AYES: Nordin, Reid, Wick, Wildish, Yeh, Yett (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Necker (1)

Appropriation of ConnectOregon V Grant for the Commerce Street Connect Bridge Project

— Ms. Jackson explained that LTD was awarded slightly over \$1 million in ConnectOregon funds in partnership with the City of Eugene to construct a Commerce Street bridge. She said the partnership included two other bridges, which were managed by LTD, but the City of Eugene managed the Commerce Street bridge project and provided the local match. The expenditures for the Commerce Street bridge project were estimated at \$601,400 in fiscal year 2016-2017 and \$471,000 in fiscal year 2017-2018, but the city did not invoice LTD for the first amount prior to closeout of the fiscal year and the funds were not expended. The \$601,400 now needed to be appropriated into the FY 2017-2018 budget in order to expend the full amount of ConnectOregon funds.

MOTION Mr. Yeh moved to approve Resolution No. 2018-02-17-006: that the LTD Board of Directors passes a Resolution as follows: Authorizing an appropriation of \$601,400 ConnectOregon V grant funds for the Commerce Street Connect Bridge Project and amend Fiscal Year 2017-2018 Amended Capital Project Fund Budget (Board Resolution 2017-11-15-62).

VOTE The motion was approved as follows:
AYES: Nordin, Reid, Wick, Wildish, Yeh, Yett (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Necker (1)

ITEMS FOR INFORMATION AT THIS MEETING

Board Member Reports — Ms. Jackson said that the summaries of meetings included in the agenda packet were derived from the published agendas of those groups and invited Board members who had attended to provide any additional information they felt might be of interest to the Board.

Ms. Wick noted that the Accessible Transportation Committee (ATC) meeting had been cancelled.

Mr. Nordin reported the LaneACT (Area Commission on Transportation) had discussed funding for the Florence-Eugene transit connection in HB 2017 and a feasibility study would be conducted.

Ms. Reid said the SPC had a long discussion of student passes and HB 2017 rulemaking, and deferred several agenda items to the next meeting. She said there was also an extended discussion of the Main-McVay corridor and the Oregon Department of Transportation's (ODOT) safety median project. She said there was still concern in the community about the project and the City of Springfield was planning an extensive public outreach project. Mr. Wildish expressed some concern that the lengthy amount of time required for the ODOT study might invalidate work that had already been done on the Main-McVay corridor.

Ms. Reid said that ODOT had made a presentation to the Metropolitan Policy Committee about its Americans with Disabilities Act (ADA) settlement regarding non-compliant curb ramps. She said 26,000 curb ramps would be replaced.

Monthly Financial Reports - December — Ms. Shew reviewed the December 2017 Year-to-Date financial report provided in the agenda packet, noting key drivers for revenues and expenditures in the General Fund, Medicaid Fund, Accessible Services Fund, and Capital Projects Fund. She said inconsistencies and an overpayment of payroll tax receipts from the Oregon Department of Revenue continued to have an impact but was being monitored closely by staff.

Mr. Nordin asked if the Novus software transition was having problems with payments, such as those to South Lane Wheels. Ms. Jackson said there were problems with reimbursement calculations for South Lane Wheels and staff was working to resolve those issues.

Ms. Wick said the ATC was also concerned about that issue and a demonstration was planned for its next meeting to update members.

Monthly Grants Report - January — Ms. Shew said staff was still working to improve the report and would incorporate suggestions from the Board's retreat in the next version.

Monthly Cash Disbursements - January — In response to a question from Mr. Nordin, Ms. Shew said that check #97490 issued to Mark L. Hay in the amount of \$10,700 was to pay for consultant services. Mr. Johnson explained that Mr. Hay was a former employee with parts and materials handling who advised staff on procurement systems during the agency's reorganization.

Ms. Shew invited Board members to contact her with questions about items in the report and she could provide details at meetings.

Monthly Performance Reports - December/January — In response to a question from Ms. Jackson about the content and format of the reports, Mr. Wildish determined there was Board

consensus that the current presentation of information was acceptable. She also noted that ridership was holding steady.

Monthly Department Reports - February — There were no questions.

ITEMS FOR ACTION/INFORMATION AT A FUTURE MEETING – REQUESTED BY THE BOARD — Ms. Wick requested an update at a future meeting in 2 or 3 months regarding the service animal Paw Print program.

Mr. Wildish requested an update on the Santa Clara Community Transit Center project.

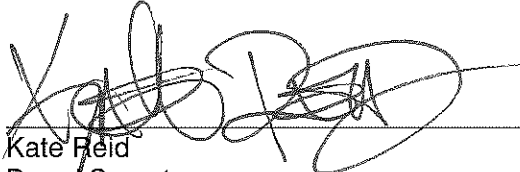
Mr. Nordin said there had been a recent traffic fatality involving a child in Cottage Grove and a local committee hoped to coordinate with Point2point on safety issues.

Ms. Reid asked for an update on the appointment of a new Board member to fill Mr. Necker's position.

ADJOURNMENT — Mr. Wildish adjourned the meeting at 4:30 p.m.

LANE TRANSIT DISTRICT:

ATTEST:



Kate Reid
Board Secretary



Camille Gandolfi
Clerk of the Board

Date Approved: 3/21/18