

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING

Wednesday, December 18, 2013

Pursuant to notice given to *The Register-Guard* for publication on December 12, 2013, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Regular board meeting on Wednesday, December 18, 2013, beginning at 5:30 p.m., at the LTD Board Room, 3500 East 17th Avenue, Eugene, Oregon.

Present: Doris Towery, President
Gary Gillespie, Vice President
Michael Dubick, Secretary
Ed Necker, Treasurer
Gary Wildish
Carl Yeh

Vacant – Position 7

Ron Kilcoyne, General Manager
Jeanne Schapper, Clerk of the Board
Lynn Taylor, Minutes Recorder


CALL TO ORDER/ROLL CALL: Ms. Towery convened the meeting and called the roll at 5:33 p.m.

PRELIMINARY REMARKS BY BOARD PRESIDENT: Ms. Towery said that she planned to write a letter to Lane Transit District (LTD) employees commending them for the outstanding job they did during the recent snow storm to assure passenger safety and continuing service.

COMMENTS FROM THE GENERAL MANAGER: Mr. Kilcoyne echoed Ms. Towery's comments. He said that he had received many comments from the public expressing their appreciation for LTD's commitment to providing service during the bad weather. He said that a number of people remarked that they did not usually ride the bus, but welcomed the availability of transit when they were unable to drive their vehicles. He said that LTD partnered with Egan Warming Centers to provide transportation to those who needed shelter during the freezing weather. He added that Egan Warming Centers and St. Vincent de Paul recognized LTD for these efforts. In recognition of the District's years of partnership, St. Vincent de Paul presented its Ripple of Hope Award to LTD on December 16.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA: There were no changes to the agenda.

Mr. Gillespie said that many people had complimented LTD's bus operators' concern for the safety of passengers as well as other drivers on the road. He stated that he was very proud to be a part of the LTD organization.



BOARD CALENDARS: Mr. Kilcoyne briefly reviewed the scheduled activities.

EMPLOYEE OF THE MONTH: The Board recognized Bus Operator Kasey Jones as the January 2014 Employee of the Month.

Ms. Towery thanked Ms. Jones for her outstanding service and dedication to LTD's mission. She presented her with a certificate of appreciation, check, and pin commemorating her award. Ms. Jones thanked the Board for her recognition and expressed appreciation for her position with the District and the opportunity to provide service to the community.

AUDIENCE PARTICIPATION: Ms. Towery explained the procedures for providing public testimony.

Bob Macherione, Eugene, representing Our Money, Our Transit (OMOT), commented that he had attended an EmX Steering Committee meeting and observed the modeling that had been done. He said that the system design had changed dramatically on West 11th Avenue and on Charnelton Street. He felt that people would be very concerned because the design was substantially different from the one presented to the public, and the environmental analysis would be substantially different as well. He noted that the dwell times for buses in the modeling did not seem to be accurate, especially during peak hours; and there were no pedestrians apparent at Garfield Street where there was an uncontrolled right-hand turn lane. He asked the Board to keep those issues in mind when it reviewed the modeling.

ITEMS FOR ACTION AT THIS MEETING

MOTION **Consent Calendar:** Mr. Necker moved adoption of LTD Resolution No. 2013-030: It is hereby resolved that the Consent Calendar for December 18, 2013, is approved as presented. Mr. Wildish provided the second. The Consent Calendar consisted of the minutes of the November 20, 2013, Regular Board Meeting.

VOTE The motion was approved as follows:
AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

Audit Report for Fiscal Year Ending June 30, 2013: Director of Finance and Information Technology Diane Hellekson stated that LTD was required to have an audit and various types of reviews annually. The District's independent audit firm is Grove, Mueller & Swank, P.C. Ms. Hellekson introduced Charles Swank who would provide a report and answer questions from the Board. She asked the Board to take action following the presentation and questions, and emphasized that the action would only acknowledge in public session that the Board had received the audit; it would not signify that the Board had reviewed or approved the audit at this point.

Mr. Swank introduced his associate Ryan Pascarella, who had managed the audit field work. He noted that the Board had received a financial statement and a governance letter. He said that the financial statement was prepared by LTD staff and audited by his firm. There was an unmodified opinion, which meant there were no qualifications with regard to the financial statement meeting the requirements under Generally Accepted Accounting Principles. He said that the final section

of the statement addressed State of Oregon requirements. That section had only one comment, which related to an expenditure in excess of appropriations. He said that federal requirements for recipients expending in excess of \$500,000 in federal funds included a review of expenditures and systems to assure they met federal guidelines. There were no findings in that review and there was an unmodified opinion. He said that the governance letter summarized the results of the audit, identified any findings, and listed new accounting pronouncements that the District was required to adopt. He said that list was extensive, but had relatively little impact on the District. A future pronouncement would have to be implemented by June 30, 2015, and it would require the inclusion of pension liabilities in financial statements.

Mr. Swank said that the financial statement included a number of estimates, and that tended to be the source of any inaccuracies. Auditors are required to focus closely on estimates, and that issue was addressed in the audit report. He said that there were no difficulties completing the audit and clarified that one comment related to \$1.6 million of unearned revenue. He stressed that the revenue was appropriately drawn down and expended, but the exact source of the revenue was not adjusted in the financial statement to match the expenditures.

Mr. Swank said that his firm was developing a management letter that would include auditor observations and comments from LTD management, and that it would be presented at the Board's January 2014 meeting. He commended Ms. Hellekson and Chief Accountant/Internal Auditor Carol James for their outstanding professionalism over the history of his firm's work with LTD and offered Grove, Mueller and Swank's assistance during the transition period when Ms. Hellekson and Ms. James retire.

Ms. Towery determined there were no questions from the Board. She thanked Ms. Hellekson and Ms. James, along with the other members of staff, for their extraordinary work, which had resulted in 17 years of awards for the District's financial management.

MOTION Mr. Necker moved the following resolution: LTD Resolution No. 2013-031: Resolved, that the LTD Board of Directors received the Independent Audit for Fiscal Year 2012-13, and accepts the Independent Audit Report for the fiscal year ending June 30, 2013. Mr. Dubick provided the second.

VOTE The resolution was approved as follows:
AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

EmX Steering Committee Appointment: Planning and Development Manager Tom Schwetz said that staff had been working with the University of Oregon (UO) and Lane Community College (LCC) to identify representatives from the student bodies for appointment to the Steering Committee. A candidate from the UO, Alex Biddle, was proposed for appointment, and his qualifications were summarized in the agenda packet. Staff plan to have a candidate from LCC identified soon.

Mr. Gillespie commented that Mr. Biddle would make a good addition to the Steering Committee. He noted that some of the elected officials who were members of the Committee had missed three consecutive meetings. Mr. Schwetz agreed to have staff contact them to determine if they still wished to serve.

Ms. Towery suggested providing members with a calendar to identify the 2014 meeting dates so that they could include them on their schedules and plan ahead.

MOTION Mr. Wildish moved approval of LTD Resolution No. 2013-032: The LTD Board of Directors hereby approves the appointment of University of Oregon Student Alex Biddle to the EmX Steering Committee. Mr. Yeh provided the second.

VOTE The motion was approved as follows:

AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: None

West Eugene EmX Extension Property Acquisition: Mr. Schwetz announced that Senior Project Manager John Evans would be participating in this discussion via telephone conference call. Mr. Schwetz said that the West Eugene EmX project was close to 30 percent design completion; and once that point was reached, staff would have a complete list of planned property acquisitions. He asked the Board to approve the proposed resolution that would give staff the authority to move forward with those acquisitions for the project. He said that construction could begin as soon as Summer 2014. He said that the District was contracting with Universal Field Services to conduct the acquisition process, which would include survey and appraisal of property, negotiations with the property owner, and final acquisition of property.

Mr. Evans added that engineers were reviewing designs for constructability, and staff wanted to begin the property acquisition process before the project went further into design.

Mr. Gillespie observed that the project had initially identified 2.87 acres that would be impacted. He asked what the amount was currently. Mr. Evans said that fewer acres would be required, but he would not have a final figure until the 30 percent design was completed. He said that the amount of property impacted would be significantly lower.

MOTION Mr. Necker moved approval of LTD Resolution No. 2013-033, authorizing the Lane Transit District to acquire by purchase or by exercise of the power of eminent domain certain Real Properties or interests therein necessary for the Bus Rapid Transit project as represented in the Resolution. Mr. Dubick provided the second.

VOTE The motion was approved as follows:

AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: None

ITEMS FOR INFORMATION AT THIS MEETING

Board Member Reports: Mr. Gillespie reported that the December 17, 2013, meeting of the Oregon Rail Project had been very productive, and two locally preferred alternatives for the Eugene-Albany segment had been approved. He said that one option was the current Union Pacific route with one modification; the second option was the Interstate 5 corridor route, which would involve new construction for higher speed rail along the corridor. He had advocated for incorporating Corvallis into the Albany station, and there was agreement to provide connection between Corvallis and Albany through transit service or other means. He said that locally

preferred alternatives had also been approved for the Albany-Salem and Salem-Portland segments of the line.

Mr. Kilcoyne added that one of the advantages of the Union Pacific route was that incremental improvements could be made, although some members of the group were concerned that Union Pacific would not allow passenger trains to go faster than 79 miles per hour on the track. He felt that there were points along the route where trains could go faster, and he hoped that would be addressed during the environmental analysis.

Mr. Necker said that the Board Service Committee had previewed proposed route changes, but there would be no decisions until January 2014.

Comprehensive Annual Financial Report (CAFR): Ms. Hellekson said that the Comprehensive Annual Financial Report (CAFR) was a voluntarily produced document that had proven its value over time to the Board, staff, and the community. She said that it was submitted each year to the Government Financial Officers Association of the United States and Canada and had received an award for excellence each year for the past 17 years. She said that highlights and statistics were summarized in the agenda packet. She said that a small disappointment in the past year was that productivity and fare recovery had decreased slightly as a result of a small drop in ridership as measured by boardings. She pointed out that the document contained an enormous amount of information about the District's operating statistics, productivity, and costs over ten years. She recognized Finance Manager Todd Lipkin for providing most of that information. She said that there would be an opportunity at a future meeting for a discussion and questions once the Board had an opportunity to review the CAFR.

Lane Transit District/Amalgamated Transit Union (ATU) Joint Pension Work Group Update: Director of Human Resources and Risk Management Mary Adams said that the Pension Work Group has been meeting over the past several months, has come to a mutual agreement, and are proceeding with developing communication materials. She said that the actuary was unable to attend the Board's December 18 meeting, but would attend the January 2014 Board meeting to present the mutual agreement. She said that it was consistent with the information reviewed by the Board at its June 2013 meeting, but was now more fully developed and included financial information. She acknowledged Mr. Gillespie's contributions to the process as a member of the Work Group.

United Front Requests: Government Relations Manager Edward McGlone said that the United Front is an intergovernmental agreement among many of the local government bodies in the Eugene, Springfield, and Lane County areas, to comprehensively represent the region's interests to Congress and federal agencies during an annual visit to Washington, D.C. He said that the United Front was currently composed of LTD, Lane County, the cities of Eugene and Springfield, Willamalane Parks and Recreation District, and Springfield Public Schools. He said that this year's trip would occur on January 26-30, 2014.

Mr. McGlone said that this year the United Front would present a narrative of priorities that told the story of building regional strengths and innovative drivers of economic health. Those priorities are:

- Attaining a better educated and tech savvy population
- Fostering a creative business environment
- Enhancing transportation connectivity
- Protecting natural resources and abundant recreation opportunities
- Investing in healthy people

- Providing housing and reducing homelessness
- Increasing public safety
- Achieving fiscal sustainability

Mr. McGlone said that LTD's priorities related to the topic of enhancing transportation connectivity, specifically reauthorization of MAP-21 to include fully funding the Small Starts program and restoration of the discretionary capital fund for bus purchases and bus facilities. Another priority is a stable funding mechanism for the Highway Trust Fund, which is predicted to be bankrupt between 2014 and 2015.

Mr. Gillespie asked if the Murray-Ryan budget agreement included any modifications to sequestration that would benefit LTD and the region. Mr. McGlone said that the agreement had restored some cuts, but there was no decision on how funds would be spent.


Monthly Financial Report: Ms. Hellekson said that the areas in which the District's financial health was evaluated, which include payroll tax receipts, personal services expenses and fuel expenses, all looked good during the first five months of the fiscal year. Payroll tax receipts were slightly ahead of budget, with the next disbursement in early February 2014. Personal services were well under control and fuel had been purchased in the open market for less than \$3.00 per gallon during November.

ADJOURNMENT

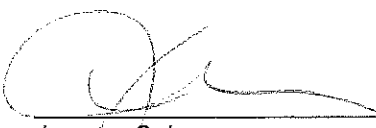
Ms. Towery adjourned the meeting at 6:30 p.m.

LANE TRANSIT DISTRICT

ATTEST:



Michael Dubick
Board Secretary



Jeanne Schapper
Clerk of the Board

Approved: January 15, 2014