

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT
SPECIAL BOARD MEETING/PUBLIC HEARING ON FARES

Monday, April 9, 2012

Pursuant to notice given to *The Register-Guard* for publication on April 5, 2012, 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 and public hearing on fares on Monday, April 9, 2012, beginning at 5:30 p.m., in the Bascom-Tykeson Room, Eugene Public Library, 100 West 10th Avenue, Eugene, Oregon.

Present: Mike Eyster, President
Greg Evans, Vice President
Ed Necker, Treasurer
Michael Dubick
Gary Gillespie
Dean Kortge
Doris Towery
Ron Kilcoyne, General Manager
Jeanne Schapper, Clerk of the Board
Lynn Taylor, Minutes Recorder

CALL TO ORDER/ROLL CALL: Mr. Eyster convened the meeting and called roll at 5:30 p.m.

PRELIMINARY REMARKS BY BOARD PRESIDENT: There were no remarks.

COMMENTS FROM THE GENERAL MANAGER: General Manager Ron Kilcoyne announced that it was the 32nd anniversary of his employment in public transit.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA: Mr. Eyster announced that the Employee of the Month agenda item would take place prior to the public hearing.

BOARD CALENDARS: Mr. Kilcoyne reviewed activities on the Board calendars. He noted that the April 18 regular Board meeting was canceled. He added that there would be a second public hearing on fares on May 14 and that the May 16 Board meeting would begin at 4:30 p.m. to allow for the Budget Committee meeting to begin at 6:00 p.m.

EMPLOYEE OF THE MONTH: The Board recognized Bus Operator Darryl Beito as the May 2012 Employee of the Month.

Mr. Eyster thanked Mr. Beito for his service and dedication to LTD's mission and presented him with a certificate of appreciation, a check, and a pin commemorating the award. Mr. Beito expressed his appreciation for the acknowledgement of his service and thanked the Board for his award. He commented that LTD employees perform exceptional work every day of the year.

PUBLIC HEARING: FISCAL YEAR 2012-2013 PRICING PLAN: Director of Service Planning, Accessibility, and Marketing Andy Vobora reviewed the current fares and proposed increases in the following categories:

<u>Category</u>	<u>Current Fare</u>	<u>Proposed Fare</u>	<u>% of Increase</u>
Adult cash	\$1.50	\$1.75	16.7%
Half-Fare & Youth Cash	\$0.75	\$0.85	13.3%
Adult Day Pass	\$3.00	\$3.50	16.7%
Half-Fare & Youth Day Pass	\$1.50	\$1.75	16.7%
RideSource Fare	\$3.00	\$3.50	16.7%
Group Pass Monthly Contract-Taxpayer	\$4.57	\$4.84	5.8%
Group Pass Monthly Contract-Non-taxpayer	\$5.32	\$5.63	5.8%

Mr. Vobora stated that the last fare increase occurred more than four years ago. He reviewed the factors that the LTD Board would consider when deciding whether to adopt the increases: 1) impacts on Title VI populations; 2) the local inflation rate; 3) ridership and revenue trends; 4) local economic trends and automobile-related costs; 5) the current LTD service package; 6) economic impact on customers; 7) market conditions; and 8) LTD's financial position, goals, and objectives. He said that the RideSource increase had been reviewed with the Accessible Transportation Committee, which supported keeping it at the Americans with Disabilities Act maximum. Mr. Vobora said that, if adopted, the increases would become effective July 1, 2012.

Mr. Vobora reviewed the Board's pricing policy and the history of fare increases during the last 30 years and pointed out that there had been no cash fare increases since 2008. He compared LTD fares with similar-sized transit districts and indicated that LTD's fares were about average.

In response to a question from Mr. Eyster, Mr. Vobora said that factors contributing to the need for a fare increase included the increasing costs involved in operating the District; particularly labor, parts, fuel, and revenue associated with fares and the payroll tax. He said that the goal was to keep pace with increased costs in order to avoid service reductions. He said that input from the public also was an important factor in the Board's decision-making process.

Mr. Eyster commented that a salary freeze for administrative staff had been in effect for several years and that the District had left a number of administrative positions unfilled.

Mr. Necker asked about the life and replacement cost of hybrid bus battery packs. Director of Maintenance George Trauger replied that the expected life of a battery pack was seven to eight years, and replacement costs were budgeted. He was exploring whether it was more economically feasible to rebuild the packs in-house rather than purchase them directly from the manufacturer. He said that the cost of a major engine overhaul on a bus was less than the cost of a battery pack.

Public Hearing on Proposed Fare Changes: Mr. Eyster explained the procedure for providing testimony and opened the public hearing.

Bob Macherione, 1994 Brewer, Eugene business owner and member of Our Money, Our Transit (OMOT), said that he did not believe that the financial data being provided was accurate. He gave the figure of 20 percent fare recovery as an example and said that was incorrect if RideSource and other obligations were included in the budget; fare recovery then decreased to 12 percent. He said that LTD funding came predominantly from taxpayers; and OMOT wanted to see good, sustainable bus service to be funded first and luxury items like EmX funded last. He said that LTD accepted federal funds for the two EmX lines and now had to fund that service before basic bus service. He said that if EmX had not been built, the District could have prevented three fare increases; but now

the public had to pay. He asked the Board to restore basic bus services, quit hiding unfunded pension debt, and operate the District responsibly.

Mr. Necker pointed out that RideSource was federally mandated but not federally funded.

Josef Siekiel-Zdzienicki, 1025 Taylor Street, Eugene, asked about the actual cost of RideSource. He understood that it was approximately \$28.00 per ride. He said that when he turned 65 he would be able to ride for free, and he asked if LTD had discussed with older people in the community the possibility of increasing the age to 68.

There being no further testimony, Mr. Eyster closed the public hearing.

Mr. Vobora said that it was difficult to precisely identify the revenue derived from fare increases because of the number of variables, but he was comfortable with the information provided by the Finance Department staff that showed approximately \$200,000-\$300,000 annually from cash fares and \$160,000 from group pass sales. He said that fare recovery for RideSource and the fixed-route system had always been calculated separately, with the fixed-route system ranging from 17 to 23 percent. The one-way cost for RideSource was \$26.00, and the fare recovery rate was much lower.

Mr. Vobora said that raising the ride-for-free age has been discussed. The age was originally set at 80, but it had been lowered during the years to encourage people to begin riding the fixed-route system as early as possible to decrease demand for the expensive paratransit service. He said that many seniors on fixed incomes appreciate the ability to ride the bus at no cost.

Mr. Evans acknowledged that tokens had been eliminated because of the administrative costs, and he asked if an instrument such as a fare card could be made available for those who wanted the option of purchasing a fare instrument that was less than a monthly pass. Mr. Vobora said that changing to an automated farebox system would involve \$2-\$3 million in capital costs. He said that the District's current fare collection system was very simple and inexpensive. A fully automated system was being considered in the Capital Improvements Program, and there were many benefits that were attractive. He agreed that there could be an interim step that could include tokens or a punch card, and staff could develop information on the costs and administrative aspects of those options if the Board wished.

Mr. Kortge said that Mr. Siekiel-Zdzienicki's comment regarding the age at which people could ride for free was well-taken. He said that it was basically a judgment call, and the Board had made a conscious decision to lower the age as an incentive for seniors to use the fixed-route system rather than RideSource. He said that it was important to separate RideSource when calculating farebox recovery rates because of the high cost to the District of operating the paratransit service. He said that he appreciated the feedback on EmX.

Mr. Gillespie echoed Mr. Evans' interest in a fare instrument such as a punch card. He was concerned that many single fare riders do not have the correct amount of cash; and since bus operators could not give change, riders could pay more.

Mr. Evans asked staff to provide an analysis of a punch card or debit card system to include capital, implementation, and ongoing costs.

AUDIENCE PARTICIPATION: Mr. Eyster explained the guidelines for providing testimony.

Bob Macherione, 1994 Brewer, Eugene business owner and member of Our Money, Our Transit, was disappointed that there were not more people testifying about fare increases and cautioned the Board not to interpret that as a lack of opposition. He calculated that since implementation of EmX there had been a 29 percent fare increase and 20 percent in basic services. He asked for restoration of bus service on Brewer Lane to serve low-income housing. He said that the Long-Range Financial Plan indicated that increasing amounts of federal 5307 funds would be relied on for basic operating costs, even though the federal transportation legislation had not been adopted, and 5307 funds might no longer be available as they had been in the past. He said that 5307 funds were substituted for regular maintenance funds in the District's budget, but that could create enormous problems if the 5307 funds were not available. He questioned whether that would require a large basic service reduction and urged the Board to not ignore the problem and push it off to the future.

Mr. Kilcoyne agreed that the Federal Transportation Authorization had been delayed and said that neither the Senate nor House versions of the bill eliminated 5307 funds. The Senate bill shifted 5309 funds (which were discretionary), into 5307 funds, thereby increasing the formula funds that would be available to transit districts. He said that there had been no proposals in Congress to decrease or eliminate formula funds for transit.

ITEMS FOR ACTION AT THIS MEETING

MOTION **Consent Calendar:** Mr. Evans moved adoption of LTD Resolution No. 2012-06: It is hereby resolved that the Consent Calendar for April 9, 2012, is approved as presented. Mr. Dubick provided the second. The Consent Calendar consisted of the minutes of the March 21, 2012, Regular Board Meeting.

VOTE The Consent Calendar was approved as follows:
 AYES: Dubick, Evans, Eyster, Gillespie, Kortge, Necker, Towery (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Fiscal Year 2013-20 Capital Improvement Program (CIP): Financial Manager Todd Lipkin summarized that the CIP was published for public comment during the month of March, and there was a public hearing held at the March 21, 2012, Board meeting. He said that there had been no testimony or written comments received from the public.

MOTION Mr. Evans moved adoption of LTD Resolution No. 2012-007: It is hereby resolved that the Draft FY 2013-2010 Capital Improvements Program is approved as presented. Mr. Necker provided the second.

Mr. Evans asked if staff had considered possible scenarios if Congress drastically reduced transit funding in the future. Mr. Lipkin replied that staff had considered options if 5309 funds were eliminated. The CIP assumed that discretionary funding for bus replacement would continue, but it showed options such as debt financing bus purchases and repaying with increased 5307 funding. He said that the CIP also scaled back on preventive maintenance dollars toward the end of the plan so that money could be used for other purposes.

Mr. Kortge remarked that the CIP showed that the District would use \$100,000 of its funds to study the fourth leg of EmX. Mr. Lipkin said that the District had a \$750,000 grant to begin the alternatives

analysis for the fourth EmX extension. He said that all of the proposed versions of federal legislation included the New Starts portion of the 5309 funds; only the discretionary bus and bus facilities funds were being considered for elimination.

Mr. Kortge expressed concern about the operational costs of planned EmX extensions. Mr. Kilcoyne pointed out that the fourth EmX leg already had that level of service, and EmX could actually reduce operating costs.

VOTE The resolution was approved as follows:
 AYES: Dubick, Evans, Eyster, Gillespie, Kortge, Necker, Towery (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Fiscal Year 2012-2020 Long-Range Financial Plan: Director of Finance and Information Technology Diane Hellekson stated that the plan was the same as was presented to the Board and Budget Committee during the February 10, 2012, Strategic Planning/Work Session. She noted that there were still some uncertainties about the future, primarily the course of federal funding and 5309 funds; but it appeared very likely that 5307 formula funds would continue. Ms. Hellekson said that there were contingencies for those potential scenarios, and the District still had 300,000 gallons of fuel in storage and was not yet close to the \$3.75 per gallon budgeted in the current year. She emphasized that as a government agency, LTD budgeted to its resources and was established to provide certain services essential to the quality of life in the community that could not be provided for profit. She said that because those services were subsidized by taxes and other forms of public funding, the District would always manage to those amounts and plan for the long term to avoid service reductions. She emphasized that during the life of the eight-year plan, there were no service reductions; and all costs associated with EmX corridors were fully covered.

MOTION Mr. Kortge moved the following resolution: LTD Resolution No. 2012-008: Resolved, that the LTD Board of Directors approves the FY 2013-2020 Long-Range Financial Plan as presented. Ms. Towery provided the second.

VOTE The resolution was approved as follows:
 AYES: Dubick, Evans, Eyster, Gillespie, Kortge, Necker, Towery (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Fiscal Year 2012-13 Pricing Plan and First Reading Amended Fare Ordinance No. 35, An Ordinance Setting Fares for Use of District Services

MOTION Mr. Dubick moved that the Eighteenth Amended Ordinance No. 35 be read by title only. Mr. Kortge provided the second.

VOTE The motion was approved as follows:
 AYES: Dubick, Evans, Eyster, Gillespie, Kortge, Necker, Towery (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Mr. Eyster read the ordinance title: Eighteenth Amended Ordinance No. 35, an Ordinance Setting Fares for Use of District Services.

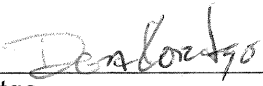
ITEMS FOR INFORMATION AT THIS MEETING

Monthly Financial Report: Ms. Hellekson stated that the financial report would be sent via e-mail and posted on the LTD website on April 17.


ADJOURNMENT: Mr. Eyster adjourned the meeting at 6:17 p.m.

LANE TRANSIT DISTRICT

ATTEST:



Dean Kortge
Board Secretary



Jeanne Schapper
Clerk of the Board

Date Approved: May 14, 2012

Q:\Reference\Board Packet\2012\05\May 14 Special Meeting\BDMIN 4-9-2012.docx