

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

Wednesday, July 30, 2008

Pursuant to notice given to *The Register-Guard* for publication on July 26, 2008, 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/work session on Wednesday, July 30, 2008, beginning at 5:30 p.m., in the LTD Board Room, 3500 East 17th Avenue, Eugene, Oregon.

Present: Mike Eyster, President
Debbie Davis
Ed Necker
Michael Dubick
Gerry Gaydos
Mark Pangborn, General Manager
Jeanne Schapper, Clerk of the Board

Absent: Greg Evans
Dean Kortge

CALL TO ORDER/ROLL CALL – Mr. Eyster called the special meeting of the Lane Transit District (LTD) Board of Directors to order and called the roll.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA – There were no announcements or additions.

WORK SESSION – Mr. Viggiano indicated that it was staff's hope that the Board would provide clear direction on the topic of a property tax measure, with the possibility that direction could lead to an action item in August.

Mr. Viggiano reviewed a handout distributed to the Board, which included information pertinent to the boundary for an election; the cost of such an election and an information campaign; data regarding a temporary versus permanent rate; information regarding the potential of compression in Lane County municipalities affected by the tax; and data on the amount of assessed value in Lane County indicating that the rate would be about 22 cents per \$1,000.

Responding to a question from Mr. Dubick, staff indicated that an information campaign could be paid for from existing funds.

Responding to a question from Mr. Necker regarding a property tax measure, Mr. Viggiano said that the District would have to go back to the voters to either increase or extend such a tax.

Staff provided information on the cost of a private campaign to support a measure, which is estimated to be between \$50,000 and \$80,000.

Mr. Eyster asked how difficult it would be to do a campaign without hiring a consultant. Consultant Linda Lynch suggested that some campaigning was necessary and it could be simple, such as radio messages. She believed that less than \$50,000 could be spent, but emphasized that some sort of campaign was needed.

Responding to a question from Mr. Dubick, Mr. Pangborn said that the campaign for the urban renewal district in Springfield was funded by private businesses who believed the issue was important for the entire community. Raising that amount of money took some effort.

Responding to a question from Mr. Necker about who would fund a campaign for an LTD property tax, Mr. Pangborn suggested that businesses might be interested in expanding the tax base.

Mr. Gaydos said that it would be a difficult time to raise money, given the other competing measures, as well as presidential, and mayoral races. He suggested that the District could attach itself with the City of Eugene's transportation measure.

Consultant Linda Lynch said she could attempt to identify the businesses and individuals interested in LTD's success.

Mr. Eyster solicited Board comments.

Mr. Dubick mentioned that he talked to many people in the Creswell and Cottage Grove areas and many residents felt that, given these difficult economic times, it would be challenging to ask people to pay more in property taxes. He thought that people appreciated the problem, but did not think a measure would pass. He believed that Chamber representatives, with whom he had spoken to, did not find the prospect of paying property tax on top of the payroll tax agreeable. He thought that they would be more supportive of an increase in the payroll tax than adding a property tax. He said that a particular section of the community was suffering significant economic declines and had not historically been supportive of property tax measures. He had heard that riders would vote for the measure, but those who did not ride the bus probably would not. They felt that a significant education campaign would be needed, and it was not realistic to attempt such a campaign in such a short time.

Mr. Gaydos said he had talked to two small-business people who had expressed their concerns about current overall economic conditions. People were still reacting to the announcement of Hynix's closure. People understood the need, but suggested that in such tough times, a property tax measure would not pass.

Ms. Davis said that she has heard much the same message from Chamber and business representatives who did not think that LTD had time to educate the public. If LTD lost the election, it would have a difficult time returning to the public with another tax measure in the future.

Mr. Eyster said that he had received similar feedback from some elected officials. He and Mr. Pangborn had an interesting conversation with someone who began the discussion pessimistically, but by the end of the conversation, seemed to think that the tax measure was achievable. They thought that if LTD did not attempt the tax measure, it may be perceived that LTD is unilaterally deciding to cut service without giving the public an opportunity to weigh in. Mr. Eyster stated that the remark gave him pause as the reductions would be drastic.

Mr. Necker said that those he spoke to were affected by the Hynix closure. They did not think the current economic environment was open to another tax measure. They thought the District would have more luck with the legislature in raising the payroll tax cap than it would with the voters. The people that he had spoken with had no comment regarding the education piece.

Mr. Eyster solicited remarks from staff.

Mr. Vobora said that he spoke to the Gateway Business Development Group and they had similar comments. The group did not feel there was enough time to submit a property tax measure to voters and that the process would be hurried. They also expressed concern about being hit twice with a property tax on top of a payroll tax and suggested that needed to be mitigated. He had received a few telephone calls after the article in the local newspaper about the possibility of such a measure, and those calls indicated to him that an information campaign about how things were paid for and how programs work would be useful. Mr. Vobora received a call from a senior citizen and former volunteer that was very supportive and willing to work on a campaign. He also spoke to Dan Egan, the Springfield Chamber of Commerce Executive Director, who asked why the District turned first to the private side rather than to the public for assistance. Mr. Egan had advocated for the local governments to get together and coordinate their requests and suggested that the local gas tax be considered as an option. He did not know if that was constitutionally permissible.

Mr. Necker noted a recent conversation he had with Representative Terry Beyer, who indicated that such changes had been tried in the past.

Mr. Pangborn noted that staff and Mr. Eyster recently met with four local legislators who did not have a position on the proposal. He had spoken with several people who were transit supporters who also were supportive of such a measure but did not think it would pass at this time.

Mr. Necker asked if charging the maximum payroll tax would cover the shortfall. Mr. Pangborn said that it would help, but it would not cover the extra shortfall. One-tenth of one percent generated about \$4 million annually, and the shortfall was probably in that area. The District would have to raise the rate to .008 to immediately generate that amount. Ms. Hellekson concurred. Mr. Necker suggested that increasing the payroll tax would be more palatable to the business community. Mr. Pangborn stated that he was unsure. He said that the message he and Mr. Eyster received at the Chamber was that businesses believed they already pay their fair share, and someone else needs to step forward. When the District last raised the rate, it had worked with the business community for a year to explain the need. After the 2003 legislature changed the law to raise the amount allowed to be collected, the District waited two years to implement an increase, with discussions occurring during the same period about the value of the increase.

Mr. Dubick asked about the potential of expanding the payroll tax to local government. Mr. Pangborn indicated that it was possible, although education would be exempt. Municipalities and special districts, including LTD, would pay. Staff had not calculated the impact of that possibility. Mr. Pangborn also added that it would require legislative action, which means that the money would not be available until 2010.

Mr. Eyster asked if LTD had data on which companies were not paying. Ms. Hellekson said staff had no precise idea but was devoting some resources to that issue. Mr. Pangborn estimated \$100,000 to \$200,000 in lost revenues, which would not replace the value of the lost payroll taxes from Hynix.

Speaking to the issue of changing the rate, Ms. Lynch suggested that LTD would not hear organized opposition for accelerating the rate to the full percentage. It would be more challenging to get to .008.

Mr. Eyster asked the Board what it would like to do.

Mr. Necker inquired about the impact of increasing the payroll tax and securing more money from the legislature for senior and disabled services. Ms. Hellekson said it depended on how much the legislature gave LTD. Mr. Pangborn pointed out that the impact would not be felt until 2010, and by then LTD would be in the middle of the service cuts. He said that LTD could receive \$3 million, although he doubted that would happen. He said it would be difficult to shift gears. LTD was almost forced into the situation of having to move ahead.

Mr. Necker said that at this time, he would not support placing a property tax measure on the ballot because of the need for support from a majority of voters.

Mr. Dubick noted the many funding sources for transit districts that exist throughout the country, including special dedicated sales taxes and property taxes. He thought the downside of a property tax was the tie to local government. Given the current economy and LTD's tie to the local economy, he did not think there was a way to overlook that tie. He thought that LTD needed to take a long-term look at funding, and that it would be hard and would require some work by staff to make some of the changes that might be necessary. LTD must maximize its efficiency and make reductions while still providing services, perhaps not with the same frequency but with the same coverage. He did not see LTD being able to succeed with a measure on a crowded ballot in a difficult economy. He called on the Board to work for the long-term, do the best with what it had, and wait for the tide to rise.

Mr. Necker suggested that the District could use its reserves to maintain services and rebuild those reserves when economic times improved.

Ms. Davis said she was convinced by her discussions with others that LTD did not have the time to conduct a successful election. People she spoke to understood the problem but thought a measure would get voted down. She acknowledged Mr. Eyster's comments, but said that voters did not understand and continued to ask the same questions in spite of the information they were given in articles in the local paper.

Mr. Necker suggested that LTD could offer the public such a measure when it had time to do the necessary education.

Mr. Gaydos believed that LTD could mount a reasonable campaign but would lose in the end. He asked if LTD wanted to spend \$100,000 to gauge support of the public. While he firmly believed in education, he pointed out that the message that LTD sent was frequently not heard, and the recipient must hear it, believe it, and pass it on.

Mr. Gaydos thought there was great community acceptance of LTD because the community liked the existing service, not because they wanted to invest in the future. He observed that he was continually surprised when people asserted at public hearings that LTD made a profit, for example. Mr. Gaydos said the decision was difficult because LTD is a wonderful institution and has provided amazing service. Nevertheless, he was unable to support a property tax measure at this time.

Mr. Eyster said that by any measure of efficiency, LTD was stellar in comparison to other districts. The District was frequently visited by other agencies so that they could take measure of its success. He said that the Board would be faced with some very hard choices in reducing services as it would either have to eliminate routes that were full or eliminate services where

people had no other option. He noted that demand had never been higher and the need had never been greater.

Mr. Necker said the Board needed to balance the fiscal and the human side, and that balance could not be achieved without negatively affecting someone. The Board would have to grit its teeth and try to come to a decision that would negatively affect as few people as possible.

Mr. Eyster believed that LTD's dilemma had been explained well in the media, and he thanked Matt Cooper of *The Register-Guard* for that. Mr. Eyster explained that he was not afraid to participate in a campaign, but he had no idea where to quickly secure \$50,000 to \$80,000 for a private campaign. He acknowledged the remarks of other Board members and interpreted the comments as direction to staff that a property tax measure was not an option the District could pursue at this time. If LTD was to offer such a measure, the education campaign should have begun a long time ago.

Mr. Pangborn said the District had not faced such a dilemma in recent times. He thought that at some level, people understood the problem and were supportive of the District; but he thought it would take a while for people to get used to the idea of paying for something that they had not paid for in the past. He said that the majority of those who would be paying for bus service did not use the service, and that could be a "hard sell."

Mr. Eyster reiterated that he was willing to participate in the "hard sell," but did not think there was time.

Mr. Gaydos noted some of the things that needed to occur for a successful campaign, including surveying and preparing a message. He said that even if LTD had started the process earlier, the news of Hynix's closure might have doomed such a measure.

Mr. Dubick thought that LTD had several options to consider, but many would require legislative action and that could not occur in a timely fashion. He recalled his time of service on the Lane Community College Board when it faced a similar situation and lacked the state and Federal support to maintain services. He thought LTD was in a similar position because the state and federal governments were leaving the Board in the position of making tough decisions about how to do the most it could with what it had.

Mr. Eyster believed that the necessary reduction would probably be about 17 percent with the closure of Hynix.

Mr. Pangborn indicated that staff would return with other options and the tradeoffs involved. He said that when the Board contemplated reductions, it would hear from the members of the public who would not care about the reasons the Board had decided against such a measure.

Mr. Necker thought that the Board's strategies were limited to increasing the payroll tax to the statutory maximum and seeking state funding for elderly and disabled transportation.

Mr. Viggiano recalled that the Board had discussed increasing the payroll tax to the maximum, seeking an increase in the cap, and expanding the payroll tax to government. There had been less interest in a system development charge or parking tax.

Mr. Pangborn mentioned that he had met earlier that day with Representative Terry Beyer, chair of the House Transportation Committee, who was very aware of the District's situation.

Mr. Eyster thanked staff for their efforts in preparing for the meeting and determining whether such a tax measure was feasible.

ITEMS FOR ACTION

MOTION **Consent Calendar** – Mr. Gaydos moved adoption of LTD Resolution 2008-031: It is hereby resolved that the Consent Calendar for July 30, 2008, is approved as presented. Ms. Davis provided the second.

VOTE The Consent Calendar was approved as follows:
AYES: Davis, Dubick, Eyster, Gaydos, Necker (5)
NAYS: None
ABSTENTIONS: None
EXCUSED: Evans, Kortge

SECOND READING OF AMENDED ORDINANCE NO. 35 – Mr. Vobora clarified that the Board did not need to hold a public hearing.

MOTION Mr. Dubick, seconded by Mr. Gaydos, moved that the 16th Amended Ordinance Number 35 be read in its entirety.

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

Mr. Vobora read Ordinance 35 in its entirety.

Responding to a question from Mr. Eyster, Mr. Pangborn confirmed that the Board had already approved the implementation of the cash fare increase.

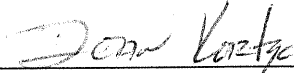
MOTION **Ordinance 35** – Mr. Gaydos moved adoption of LTD Resolution 2008-029: Be it resolved that the LTD Board of Directors hereby adopts LTD's 16th Amendment Ordinance No. 35 as amended in 2008, an ordinance setting fares for the use of District services. Mr. Dubick provided the second.

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

Mr. Pangborn said that at this time, it did not appear that the Board needed to hold a regular August meeting.

Mr. Pangborn reminded the Board of the e-mail that was sent regarding the need to budget for art for the Springfield EmX system. In the absence of any objections, the District intended to move ahead.

ADJOURNMENT – The meeting adjourned at 6:45 p.m.



Board Secretary

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