

Public notice was given to *The Register-Guard* for publication on November 15, 2001.

**LANE TRANSIT DISTRICT  
SPECIAL BOARD MEETING/  
STRATEGIC PLANNING WORK SESSION**

**November 16-17, 2001**

**Eugene Hilton  
66 East Sixth Avenue, Eugene**

**AGENDA**

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**DAY ONE**

**Friday, November 16, 2001  
Vista Room, 12<sup>th</sup> Floor  
8:30 a.m. to 5 p.m.**

- I. LTD Budget Trends
  - II. Financial Forecast and Scenarios
  - III. Budget Adjustments
  - IV. Capital Improvement Projects
  - V. Comprehensive Service Redesign (CSR) Status Report
  - VI. Adjourn until 8:30 a.m. on Saturday, November 17, 2001, at the Eugene Hilton
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**DAY TWO**

**Saturday, November 17, 2001  
Mezzanine Level  
8:30 a.m. to 2 p.m.**

- I. Presentation on New Project Management Method: Construction Management, General Contractor (CM/GC)
- II. Board Role – Program Development, Performance Measures, and Community Matters
- III. Board Administrative Matters
- IV. Adjourn

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**DAY ONE**

**Friday, November 16, 2001  
Vista Room, 12<sup>th</sup> Floor  
8:30 a.m. to 5 p.m.**

Board of Directors:

Rob Bennett, Vice President  
Gerry Gaydos  
Pat Hocken  
Dave Kleger, Treasurer  
Virginia Lauritsen, Secretary  
Robert Melnick  
Hillary Wylie, President, presiding

- 8:00 a.m. – 8:30 a.m.      Continental Breakfast
- 8:30 a.m. – 9:00 a.m.      Call to Order and Introductory Remarks
- Comments from the Board President
  - Comments from the General Manager
  - Introduction and Retreat Expectations
  - Review of Agenda—Adjustments
  - Ground Rules
- 9:00 a.m. – 12:00 noon      Budget
- Opening Remarks, Administrative Reorganization – Ken Hamm
  - Financial Plan Issues—Budget FY 2001-02 through FY 2004-05 – Diane Hellekson (135 minutes)
  - Long-term Financial Forecast Assumptions
  - Financial Scenarios Based on Revenue Assumptions
  - Three Options for budget Adjustments: Reduce Operating Expenses, Reduce Capital Project Expenses, Increase Revenue
  - Board Questions

10:30 a.m. – 10:45 a.m. Break

Policy /Direction Questions

- How aggressive should LTD be with transportation demand management? Should TDM be spun off to another organization?
- Should LTD reduce costs by pursuing freezing pay increases, freezing hiring, or reducing benefits?
- What budget direction would you like to have addressed for the remainder of this budget year, or for the next budget year?
- Should LTD consider service cuts?
- Should LTD be more aggressive about finding additional federal revenue, or pursuing other revenue increases?
- Does the Board want to review policies on reserve levels and fund transfers?

12:00 noon – 1:00 p.m. Lunch

1:00 p.m. – 3:00 p.m. Capital Project Expenses – Mark Pangborn (120 minutes)

- Staff recommendations on capital project priorities
- Proposed timelines and funding
- Funding gaps

Bus Rapid Transit

- Confirm components of BRT, construction and vehicles
- Review national BRT policy paper

Immediate Capital Projects / Operational Costs

- Springfield Station
- Additional buses
- Maintenance building expansion
- RideSource facility and fixed-route satellite facility
- APC/AVL
- Bus shelters

Policy/Direction Issues

- What are the CIP priorities?
- What should be the level of improvements at the Springfield Station?

2:30 p.m. – 2:45 p.m. Break

Continue Policy Discussion

- How should the LTD budget and capital priorities be communicated to the community?
- What is the Board's desired role in communicating changes?

- 3:30 p.m. – 4:15 p.m.      Comprehensive Service Redesign – Stefano Viggiano and Andy Vobora (45 minutes)
- ❑ Ridership
  - ❑ Revenues
  - ❑ Productivity
  - ❑ Coverage
  - ❑ Complaints
  - ❑ Impact on service standards
  - ❑ Potential service reduction standards driven by budget changes
  - ❑ Board discussion/policy direction on CSR
- 4:15 p.m. – 5:00 p.m.      Wrap-up
- ❑ Summary of directions given today (20 minutes)
  - ❑ Changes for Saturday's agenda and process (10 minutes)
  - ❑ Closing remarks (15 minutes)
- 5:00 p.m.                      Adjourn until 8:30 a.m. on Saturday, November 17, 2001, at the Eugene Hilton

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**AGENDA**

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**DAY TWO**

**Saturday, November 17, 2001  
Mezzanine Level  
8:30 a.m. to 2 p.m.**

- 8:00 a.m. – 8:30 a.m. Continental Breakfast
- 8:30 a.m. – 9:00 a.m. Call to Order and Introductory Remarks  
 Agenda Review and Revisions  
 Friday's Topics—Additional Comments/Questions?
- 9:00 a.m. – 9:45 a.m. Construction Management/General Contractor (CM/GC) – Mark Pangborn, Jeanette Bailor (45 minutes)  
 New project management method – CMGC  
    ♦ Report on the method, pros, and cons  
    ♦ Use of the method for BRT Phase I  
 Board discussion
- 9:45 a.m. – 11:15 a.m. Board Role in Program Development, Performance Measures, and Community Development – Ken Hamm (60 minutes)  
 Policy discussion  
    ♦ What involvement do Board members want in decisions that are discussed in the public arena, such as logos, service names, shelter design, etc.?  
    ♦ Does the Board want to take a position on future major transportation issues in the community (e.g., West Eugene Parkway)?  
    ♦ What measures are important to the Board in assessing the productivity and success of the District?  
    ♦ What are the measures that would help the Board communicate the benefits and efficiency of LTD to the community at large?

11:15 a.m. – 12:00 p.m. Board Administrative and Other Issues – Mark Pangborn (45 minutes)

- Committee structure
- Progress on redistricting – Linda Lynch
- Discussion and preparation for the evaluation of the general manager in January
  - ◆ Methodology and timing
- RideSource contract (future work session)
- Other?

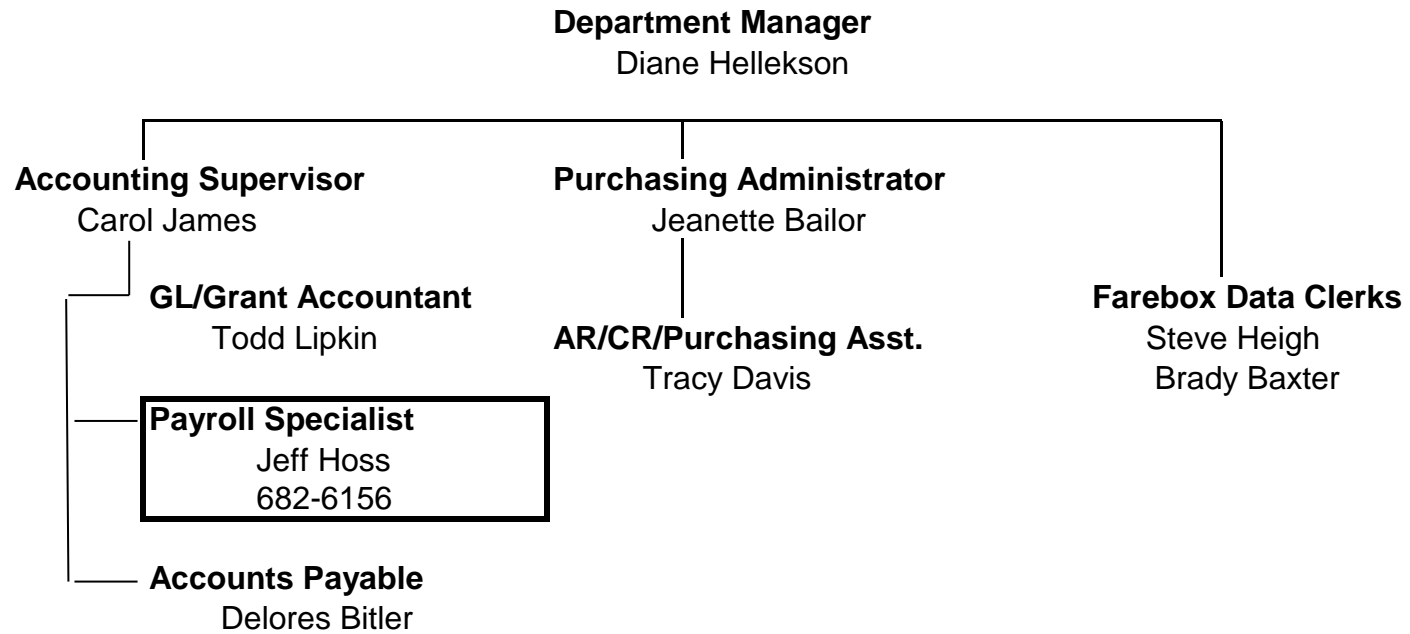
12:00 noon – 1:00 p.m. Lunch

1:00 p.m. – 2:00 p.m. Wrap-up

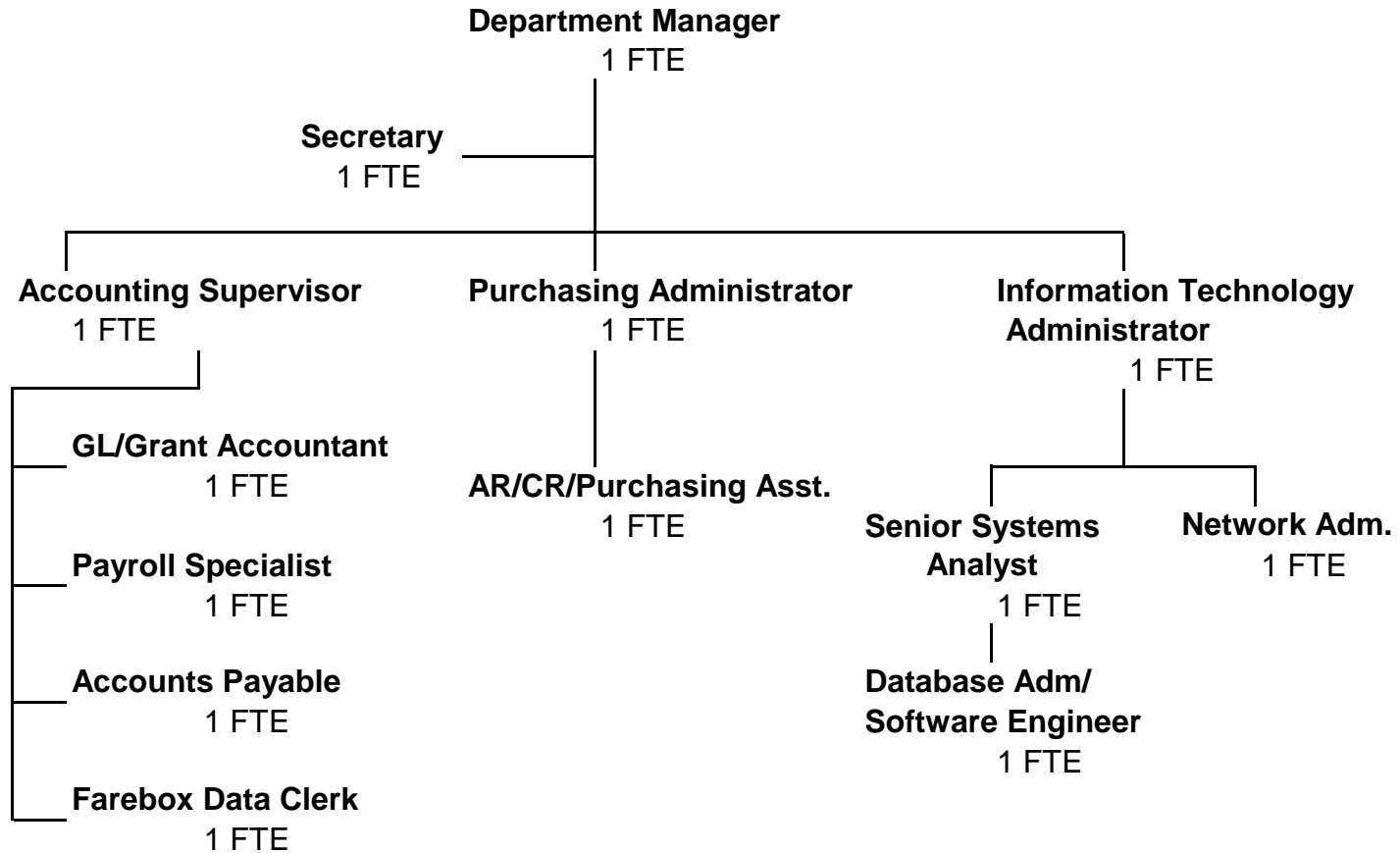
- Review of direction given today (20 minutes)
- Parking Lot issues to be resolved (20 minutes)
- Next steps (20 minutes)
- Closing comments (10 minutes)

2:00 p.m. Adjourn

**LANE TRANSIT DISTRICT FINANCE DEPARTMENT**



**LANE TRANSIT DISTRICT  
FINANCE & INFORMATION TECHNOLOGY DEPARTMENT**



**Total FTE: 12**



# FINANCIAL PLAN ISSUES

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LTD Board

Strategic Planning Work Session

November 16, 2001

# Where Are We and How Did We Get Here?

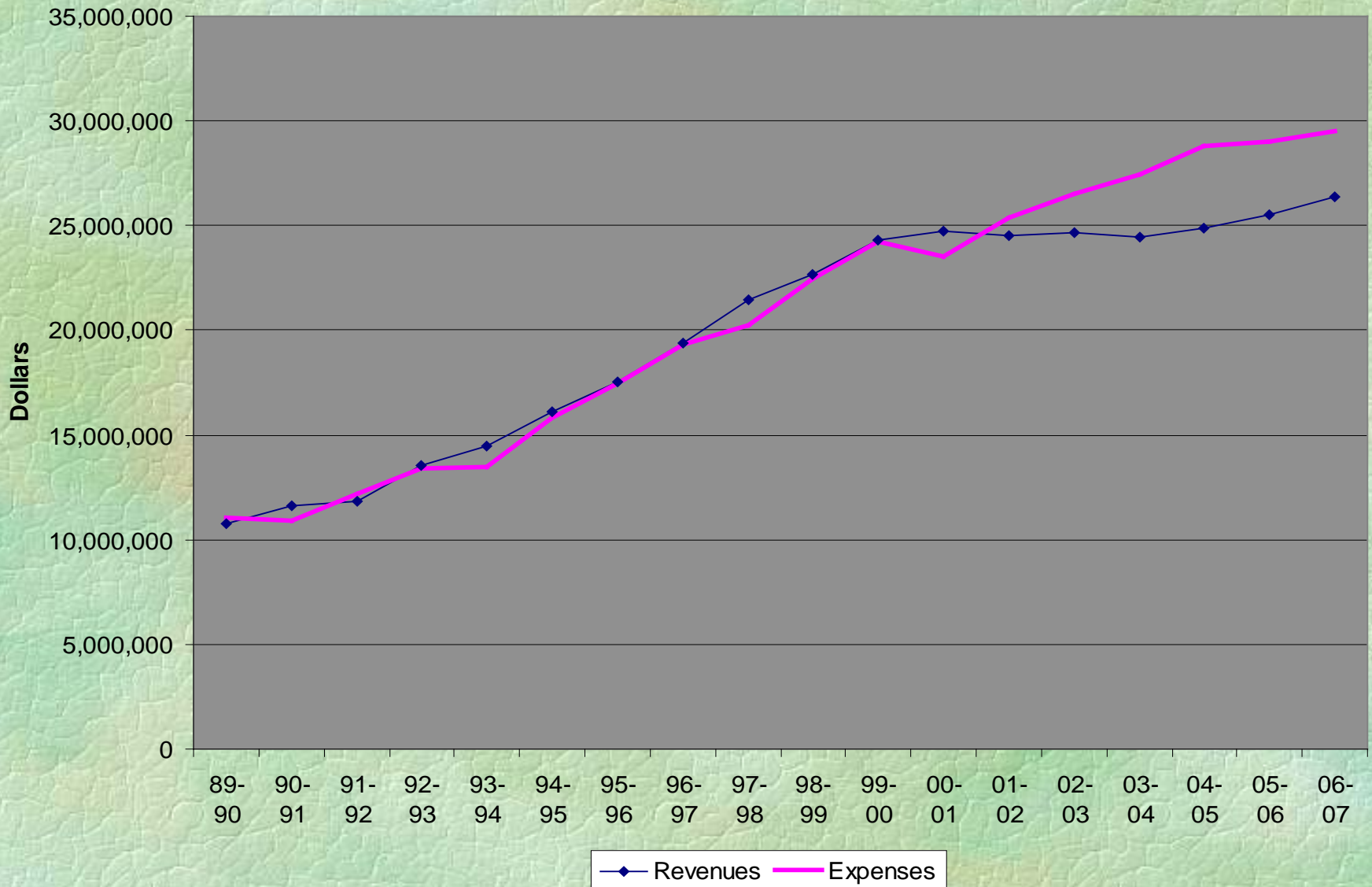
- ⊕ Not in crisis mode
- ⊕ Administrative staff expansion during period of strong economic growth
- ⊕ Aggressive capital agenda coupled with increasing competition for federal discretionary funds

# Where Are We and How Did We Get Here? (cont.)

- ⊖ Loss of clout in federal discretionary arena
- ⊖ Economic downturn
- ⊖ ATU contract that provides more wage expense growth than operating revenue can fund

# Revenue and Expense Growth

## Before Expense Mitigation



# **Financial Planning Process**

## **STEP 1: BALANCE GENERAL FUND**

- 1. Eliminate discretionary materials and services**
- 2. Improve service and operator scheduling efficiency**
- 3. Eliminate positions with discretionary responsibilities**
- 4. Cut lower productivity service**
- 5. Other cost reduction measures, as necessary**

# **Financial Planning Process (cont.)**

## **STEP 2: PRIORITIZE CAPITAL IMPROVEMENT PROJECTS**

- 1. Confirm components and timing of BRT phases**
- 2. Identify necessities and non-necessities**
- 3. Approve appropriate timelines for all projects**

# **Financial Planning Process (cont.)**

## **STEP 3: IDENTIFY FUNDING REQUIREMENTS**

- 1. Identify capital gaps**
- 2. Consider funding alternatives**
- 3. Determine long-term general fund contribution to capital requirement (if any)**
- 4. Explore short- and long-term operating revenue opportunities**

# Financial Planning Process (cont.)

## STEP 4: FINALIZE CIP AND LRFP



# **STEP 1: BALANCE GENERAL FUND**

## **1. Eliminate discretionary materials & services**

- Travel and training in current year**
- Special events**
- Meals**
- Services**
- Supplies and equipment**

# Current Year Materials & Services

Eliminate banquet	\$18,000
Move BRT back to Glenwood*	\$0
Eliminate Take Care Program	\$10,000
Eliminate barbecues	\$5,000
Eliminate Bus Roadeo**	\$0
Eliminate plant service	\$900
Reduce contract services	\$10,000
Other misc. reductions	<u>\$16,890</u>
	\$60,790

# **Step 1: Balance General Fund (cont.)**

## **2. Improve service and operator scheduling efficiency**

- Reduce stand time**
- Reduce overtime**
- Reduce layover time**
- Reduce markoff time**
- Reduce prep time**

**NO CURRENT YEAR SAVINGS ASSUMED**

# **Step 1: Balance General Fund (cont.)**

## **3. Eliminate positions with discretionary responsibilities**

- Terminate employees whose services are less essential in carrying out current priorities**
- Demote employees who have partially discretionary responsibilities**

# Current Year Position Reductions

1.0 Marketing Manager	\$26,300
1.0 Operations Supervisor	\$22,000
0.5 Training Position	\$20,000
0.6 Receptionist	\$11,300
1.0 IS Technician	\$21,200
1.0 Inventory Technician	\$16,000
1.0 Bus Cleaner	\$15,000
1.0 Facilities Generalist	\$15,300

# Current Year Position Reductions (cont.)

1.0	Administrative Secretary	\$25,000
1.0	TDM Associate	\$29,500
1.0	Service Planning Technician	\$17,000
1.0	Distribution Assistant	\$11,300
0.5	Graphics Supervisor	\$11,400
0.5	Transit Planning Technician*	\$21,800
1.0	HR Trainer (new position)	\$7,500

**Total FTE Reduction: 13.1**

**Current Year Savings: \$270,600**

# Current Year Position Demotions

Administrative Office Supervisor	\$3,760
Information Systems Manager	\$7,440
Service Planning Manager	\$600
Facilities Manager	\$0
Marketing Projects Supervisor	\$5,010
Marketing Representative*	<u>\$1,800</u>
	\$18,610



**Total Current Year Personnel Services  
Savings: \$289,210**

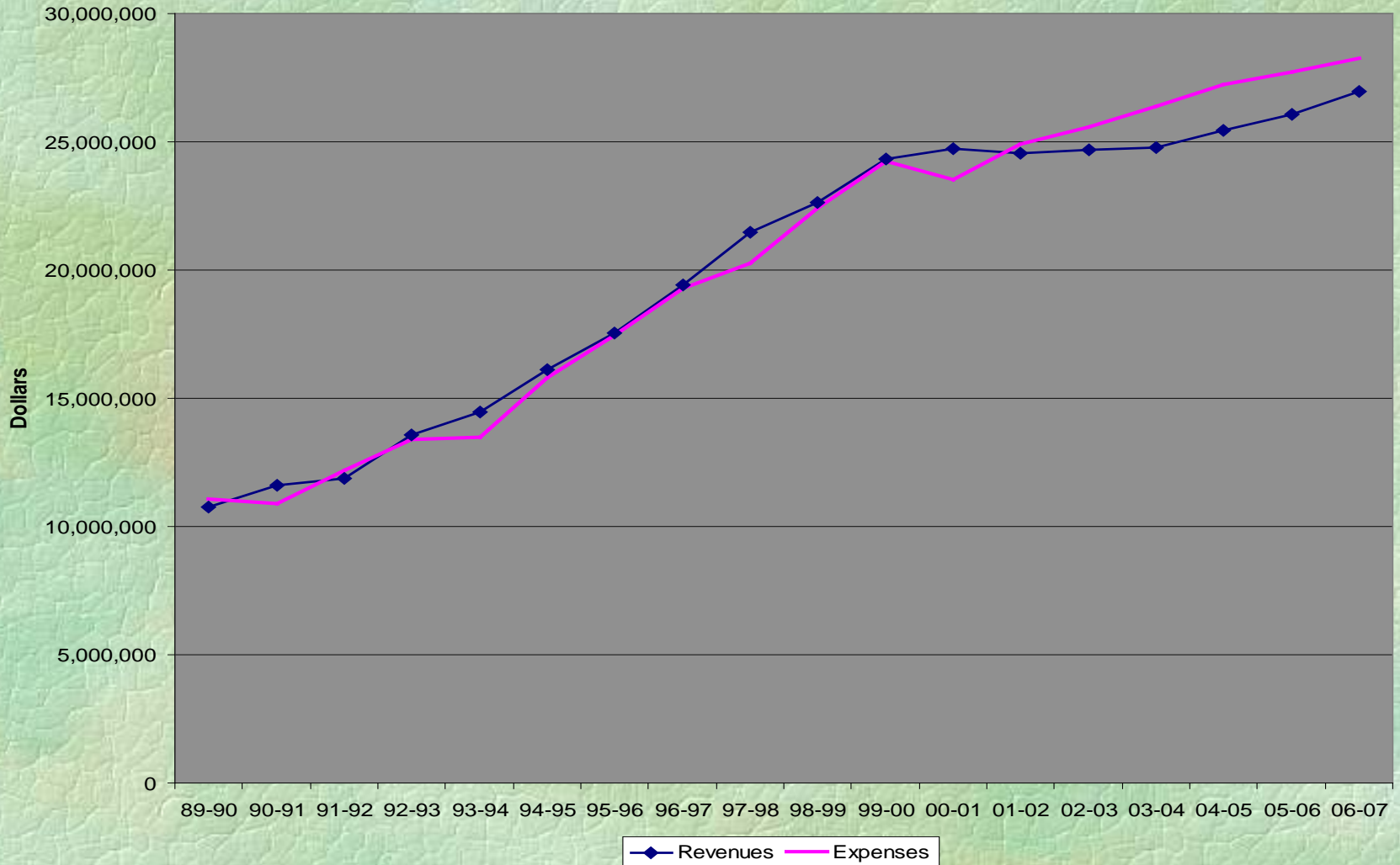
**Total Materials & Services Savings:  
\$60,790**

**Total Savings: \$350,000**

# **Budget Suggestions Not Included in Model**

- ⊖ **Reduced administrative work week**
- ⊖ **Rotating unpaid furloughs**
- ⊖ **No annual COLA or market adjustment**
- ⊖ **Freeze on merit increases**
- ⊖ **Health insurance co-pay of premium**
- ⊖ **Retirement plan contribution reduction**

# Revised Revenue & Expenditure Growth



# Additional Measures

## Increase revenue

- Economic recovery
- Significant ridership gains
- New revenue sources
- Payroll tax increase

# **Additional Measures (cont.)**

- **Fare instrument price increases**
- **Fare structure changes**
- **Other?**

# **Additional Measures (cont.)**

## **⚠️ Decrease expense**

- Operator and service scheduling efficiencies**
- Fleet services efficiencies**
- Lower maintenance standards**
- Special service cuts**
- Fixed-route service cuts**
- Other cost reductions**

# **What if . . .**

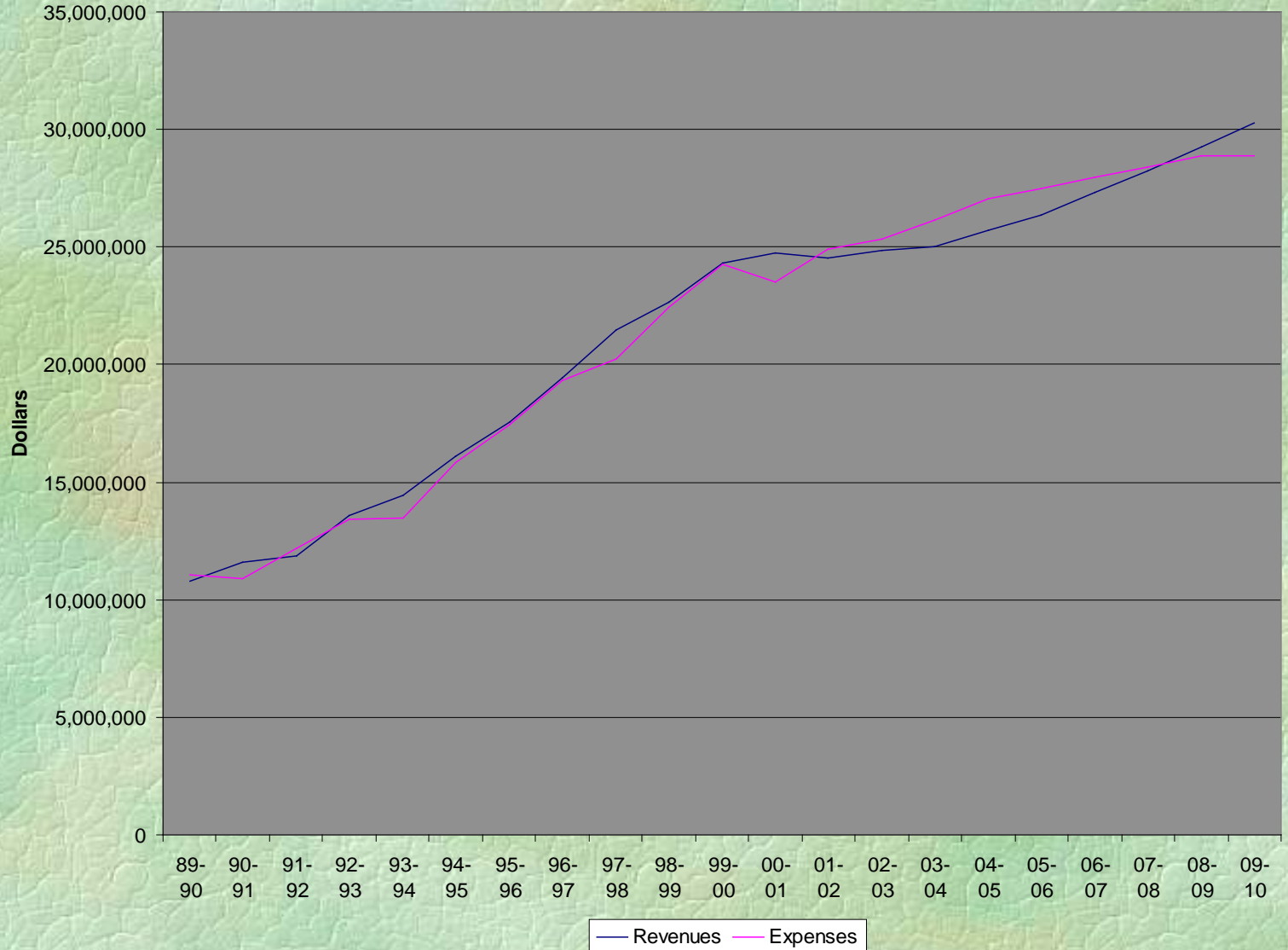
**The economy makes a moderate recovery next year?**

**Service and scheduling efficiencies are identified and realized beginning with Fall 2002 service?**

**Other wage control measures are successful?**

# Revenue & Expense Growth

## Optimistic Assumptions





# Conclusions to Date

- ③ Expenditure control measures taken to date have helped but, even under optimistic assumptions, will be insufficient to correct the long-term problem.
- ③ Not only are operating revenues projected to be inadequate to support current service levels into the future, capital funds from all known sources are inadequate to fund even a revised capital project agenda. (More discussion on capital this afternoon.)
- ③ Operating expenses must be controlled in order to assure that revenues equal or exceed expenses.

# Budget Decision Timeline

## **NOVEMBER 2001:**

- 13.1+ FTE eliminated
- Materials & services adjustments implemented
- Staff directed to identify and implement service and support efficiencies

**Effect on FY 2001-02: \$350,000 saved**

## **DECEMBER 2001:**

- First-quarter tax receipts analyzed
- Additional cuts in current year planned, if necessary
- Board reviews/approves LRFP and CIP

# Budget Decision Timeline (cont.)

## **JANUARY 2002:**

- Expense reductions implemented, if necessary
- Capital debt financing options reviewed/decision made

## **MARCH 2002:**

- Second-quarter tax receipts analyzed
- Additional cuts in current year and proposed budget planned, if necessary

## **APRIL 2002:**

- Proposed budget presented to Budget Committee for approval based on current assumptions, year-to-date results, and long-range financial needs
- Fall service approved
- Expense reductions implemented, if necessary

# Budget Decision Timeline (cont.)

## **JUNE 2002:**

- Third-quarter tax receipts analyzed
- Approved budget adjusted as necessary before Board adoption at June meeting

## **SEPTEMBER 2002:**

- Fourth-quarter tax receipts analyzed
- Independent audit site work completed

## **OCTOBER 2002:**

- First-quarter revenues and expenses analyzed
- Financial plan adjustments planned, if necessary
- LRFP and CIP plans proposed by staff
- Management staff hold strategic planning work session to prepare for Board of Directors' planning session

# Budget Decision Timeline (cont.)

## **NOVEMBER 2002:**

- Draft LRFP and CIP reviewed with Finance Committee
- Board of Directors holds strategic planning work session

## **DECEMBER 2002:**

- First-quarter tax receipts analyzed
- Revised LRFP and CIP presented to Board of Directors

# Timeline Summary

## Decision points:

- ⊕ **January 2002 (for current year)**
- ⊕ **April 2002 (for next fiscal year)**
- ⊕ **June 2002 (for next fiscal year)**
- ⊕ **December 2002 (mid-year course correction, if necessary)**

# LTD Board Action Required

- ③ Policy direction to assure that projects and services are funded and maintained in priority order (to complete Steps 1, 2 and 3 of the financial planning process)
- ③ General direction as to how involved the Board would like to be in operating cost reduction decisions
- ③ Cost containment/reduction suggestions

# LTD Board Action Required (cont.)

- ⊕ Risk tolerance profile to help staff determine which funding options to pursue and in what priority order
- ⊕ Policy direction for community programs such as Commuter Solutions, which are regional in scope but funded by LTD
- ⊕ Subsequent approval of the LRFP and CIP (Steps 3 and 4) at a future regular Board meeting





November 14, 2001

MEMORANDUM

TO: Board of Directors

FROM: Ken Hamm, General Manager

RE: Enclosed Strategic Planning Work Session Agenda

Enclosed is a summary agenda for your November 16-17 Strategic Planning session. Also enclosed are materials on Construction Management, General Contractor (CM/GC) and bus rapid transit.

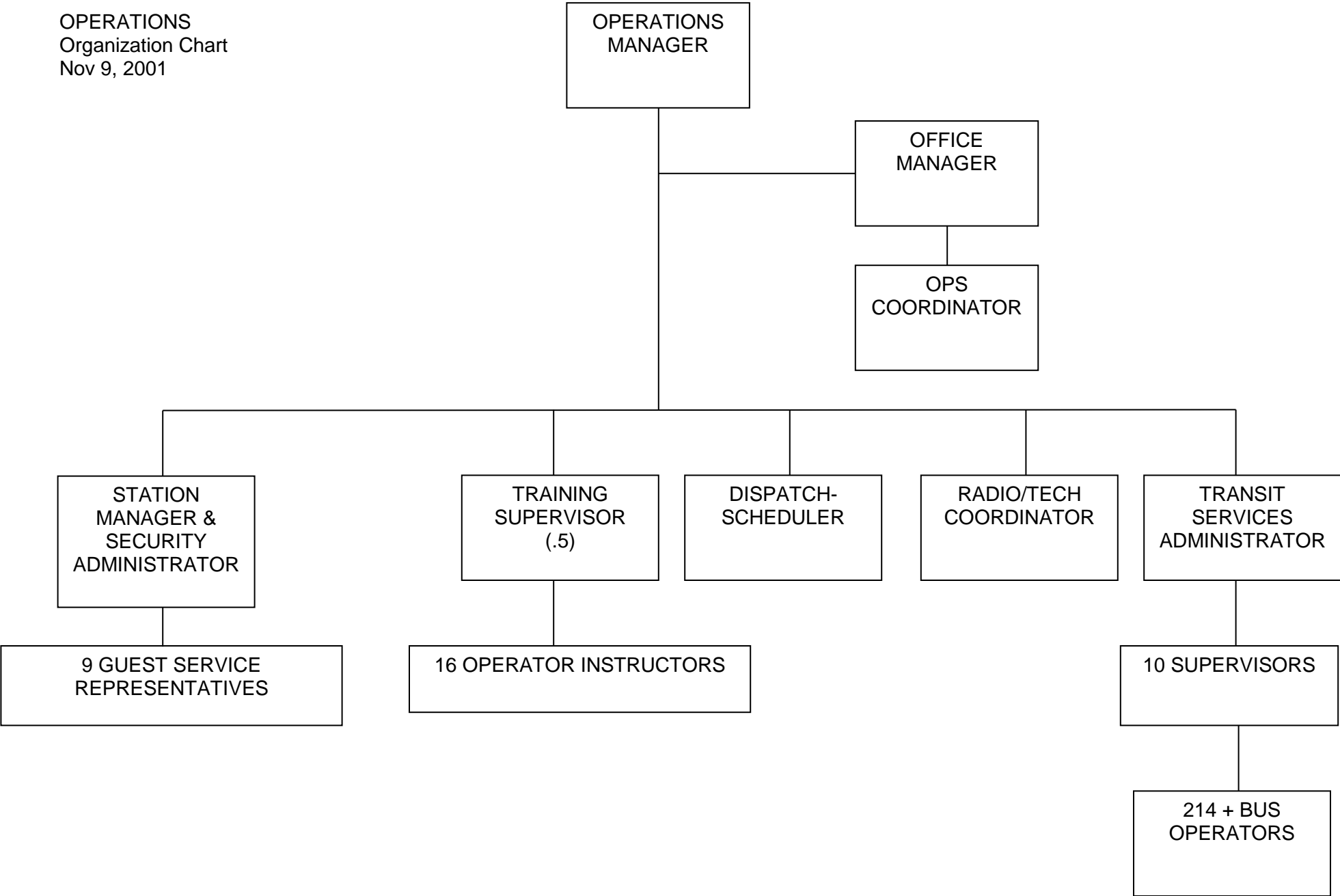
With the most recent changes in the organization, staff are devoting all of our efforts to revising our presentational material to reflect the new circumstances and have not had the time to create a more detailed agenda for distribution. As you can see, the agenda on Friday is devoted to the issues of the current and long-term operational and capital budget. We will detail and discuss the current status of the LTD budget, as well long-term projections. The impact of the recession is unfolding as we grapple with the budget. The length and severity of this recession will dictate LTD's potential future actions, which will be discussed at the strategic planning session. We anticipate future actions as we learn how the economy progresses.

Staff have retained the services of Linda Norris to facilitate and record this planning session. As the past assistant city manager for the City of Eugene, Linda is very familiar with our community as well as the public sector. Nine staff will be present. They are the managers of the five new departments, the government relations manager, the executive assistant, the assistant general manager, and the general manager. Staff will provide all the necessary materials for the Board to review, make notes, etc., at the planning session.

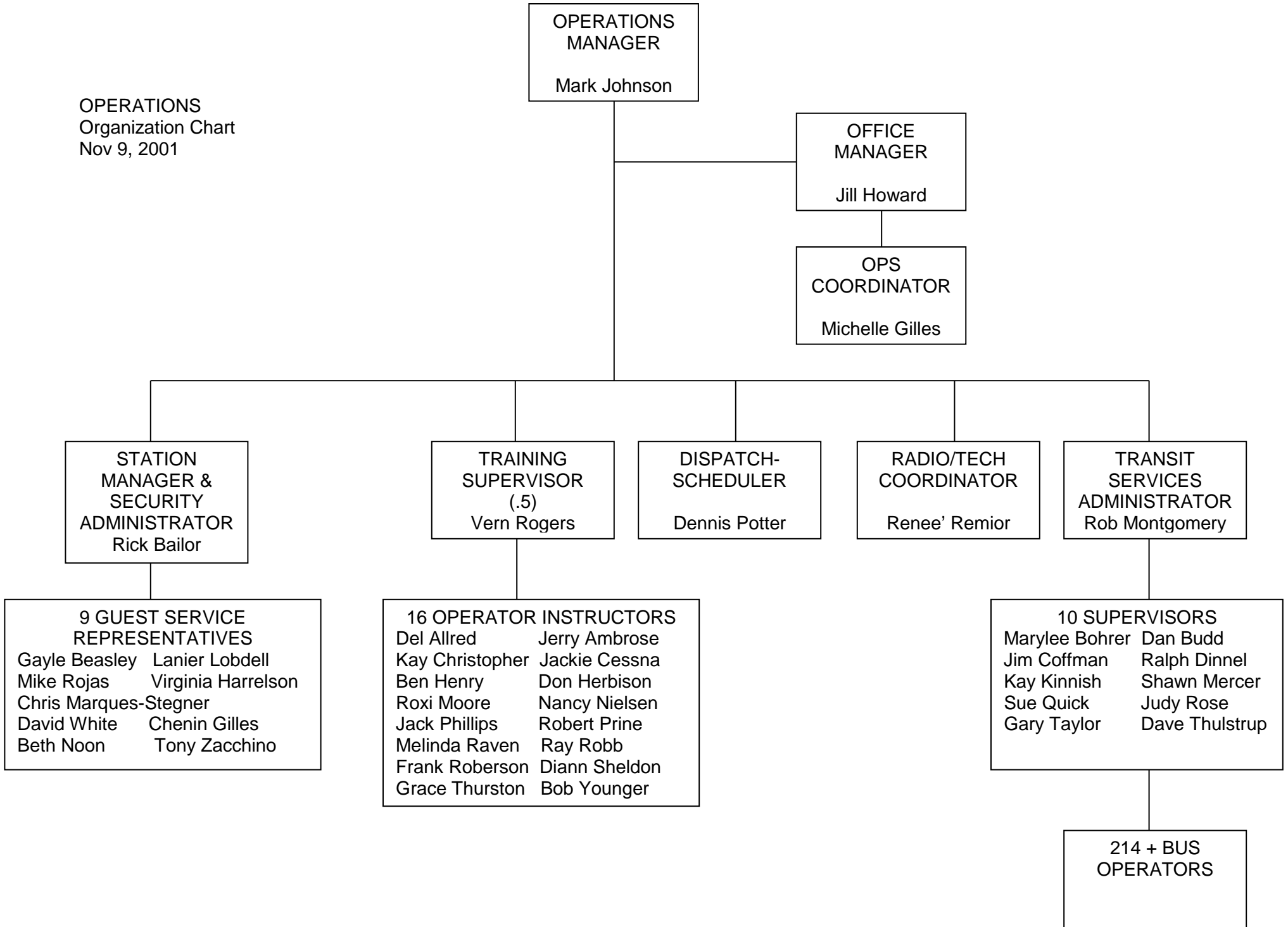
The sessions will be in two slightly different locations at the Eugene Hilton. Friday's session will be held on the 12<sup>th</sup> floor of the Hilton in one of the Vista Rooms. Saturday's session will be held on the Mezzanine level, one floor above the check-in counter. The meeting is scheduled to begin at 8:30 a.m. on both days. A continental breakfast will be available both mornings. In order to facilitate as much Board discussion as possible, we have arranged for the Board to sit together for lunch on both days.

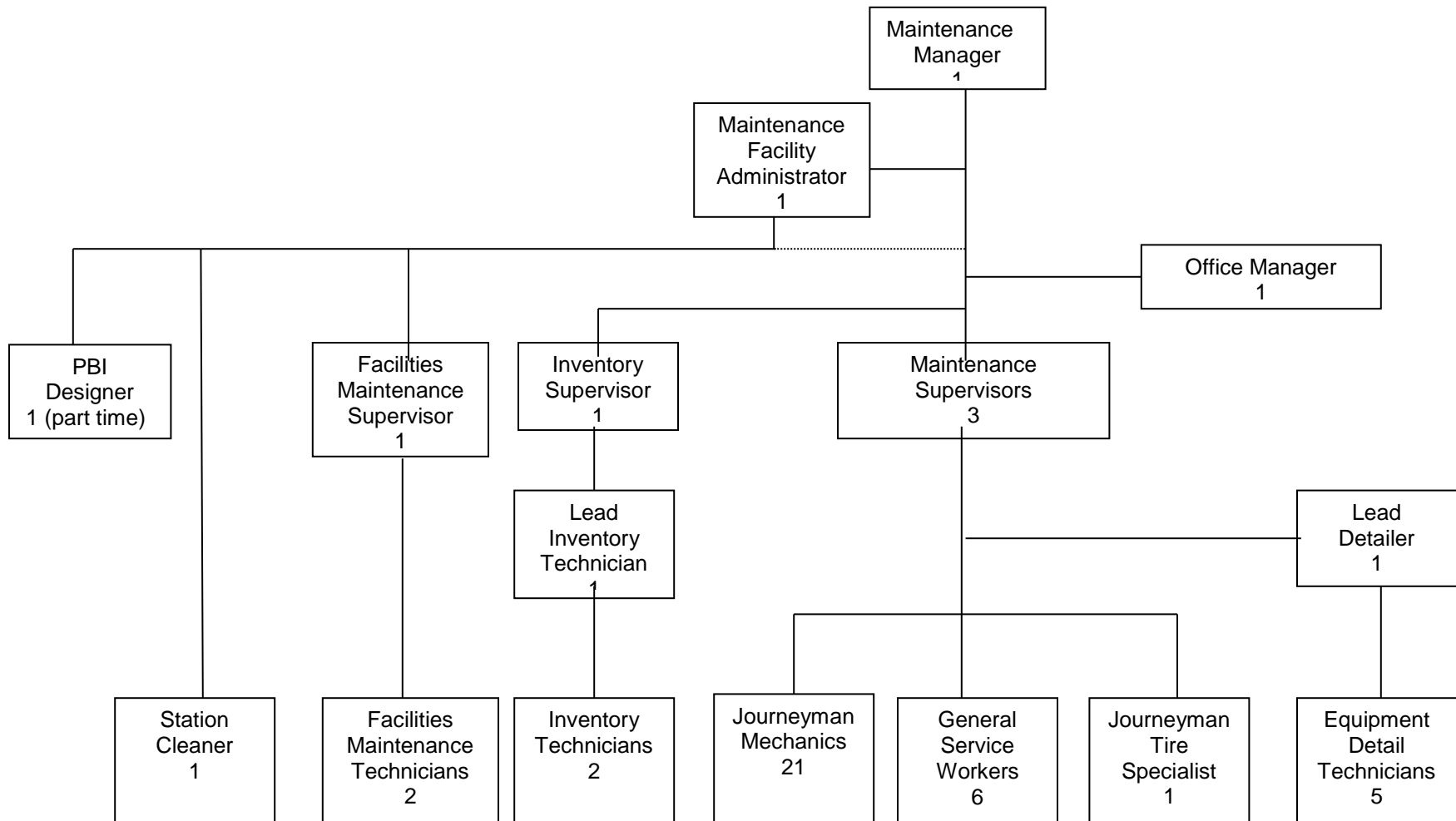
We are looking forward to seeing you. If you have any questions, please contact Jo Sullivan at 682-6103.

OPERATIONS  
Organization Chart  
Nov 9, 2001

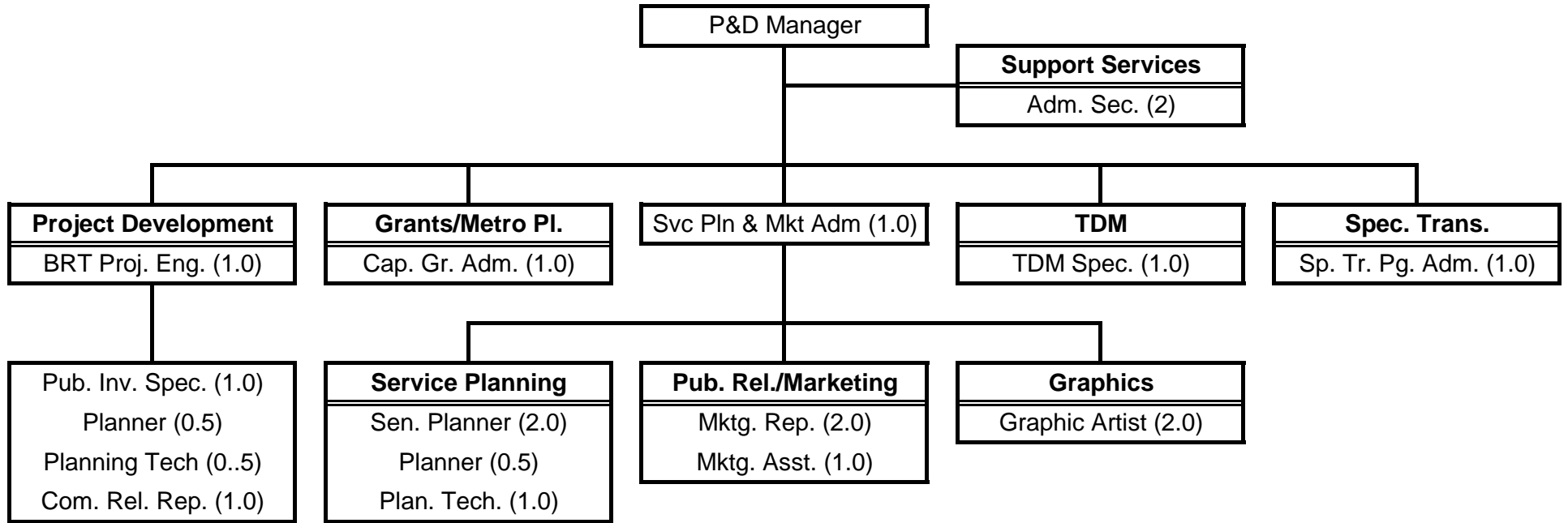


OPERATIONS  
 Organization Chart  
 Nov 9, 2001



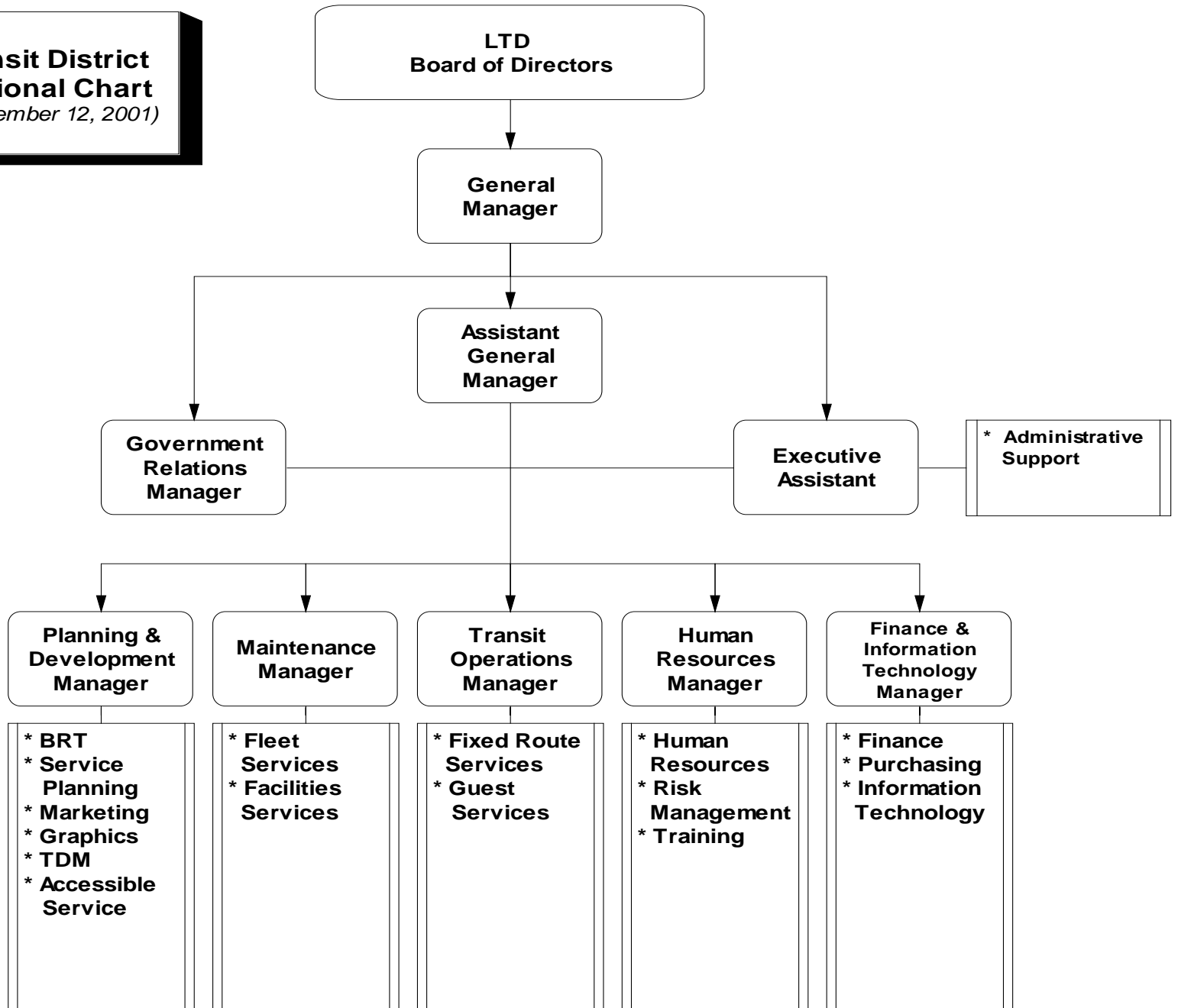


# Planning & Development Department

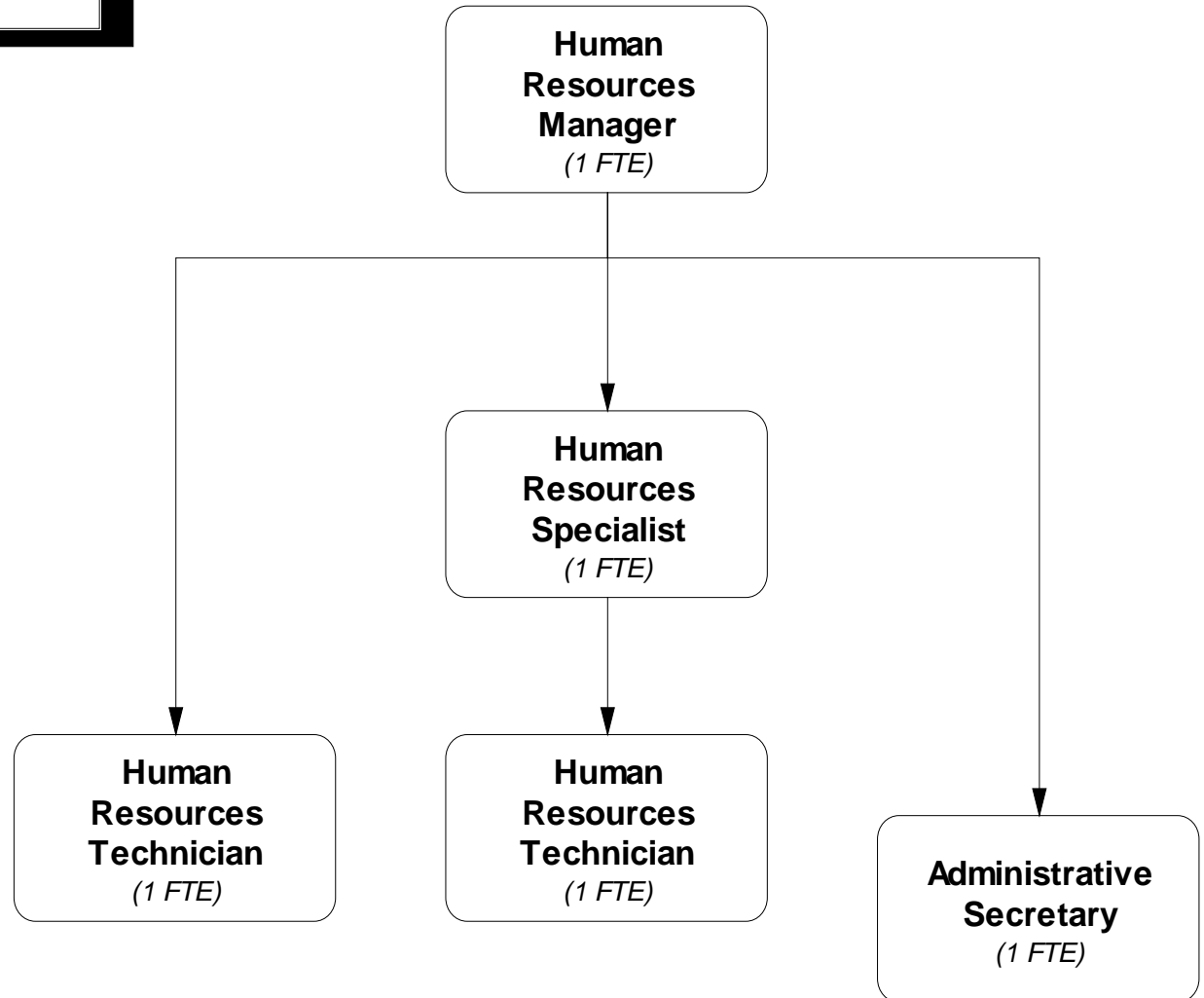


<b>Staffing Totals</b>
Previous: 25.3 FTE
Current: 19.5 FTE
Reduction: 5.8 FTE

**Lane Transit District  
Organizational Chart**  
*(Effective November 12, 2001)*



**Lane Transit District  
Human Resources &  
Risk Management  
Department**





**Lane Transit District  
Human Resources &  
Risk Management  
Department**

