



Lane Transit District  
P. O. Box 7070  
Eugene, Oregon 97401

(541) 682-6100  
Fax: (541) 682-6111

**2005 LTD Board Strategic Workshop  
LCC Learning Center  
December 9 - 10, 2005**

**AGENDA**

**Day 1: December 9, 2005**

- 8:00 a.m. Continental Breakfast
- 8:30 Review Workshop Schedule and Material – Ken Hamm/Gerry Gaydos
- 8:45 HR Committee Report: Executive Search Process Tab #1
- 9:45 Break
- 10:00 Service Reliability Priority – Stefano Viggiano Tab #2
- 11:00 Fleet Maintenance & Reliability Priority – Sam Marra Tab #3
- 12:00 p.m. Lunch
- 1:00 Employee Relations and Employee Health – Mary Neidig Tab #4
- 2:30 Break
- 2:45 Facilities Preservation Priority – Charlie Simmons Tab #5
- 3:45 Other Priorities Tab #6
- 5:00 Adjourn/Refreshments

**Day 2: December 10, 2005**

- 8:00 a.m. Continental Breakfast
- 8:30 Review Friday Material – Gerry Gaydos/Ken Hamm
- 9:30 Long-Range Financial Plan – Diane Hellekson Tab #7
- 10:30 Break
- 10:45 Capital Improvements Program – Diane Hellekson Tab #8
- 11:45 Working Lunch: Summary Discussion and Next Steps
- 1:15 p.m. Adjournment



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## **Employee Relations and Employee Health LTD Board Strategic Planning Work Session December 9-10, 2005**

### **Policy Question #1: Is improving employee health and morale a high priority to the District?**

Staff Recommendation: Yes. Employee morale and health influence all aspects of District performance. Providing a positive and healthy workplace will enable employees to be better prepared to perform their work, provide excellent customer service, and better control costs to the District.

#### **Strategy #1: Institutionalize a comprehensive employee communications approach, and define the Board of Directors' role in the process.**

A structured, routine process for employees to communicate their thoughts and concerns is an essential part of a healthy and satisfying work environment and improves morale. A review of best practices will determine an effective approach and help define the role of the Board

#### **Strategy #2: Create or reinstitute a comprehensive rewards and incentive program.**

During recent budget reductions, LTD eliminated most of the incentive and rewards programs once used. Employee feedback has been overwhelmingly consistent that reduction of programs of this sort creates negative feelings and results in reduced job performance. A common characteristic of high-performing workplaces is a comprehensive program to track and reward preferred behaviors and high performance.

#### **Strategy #3: Make training and skill development a high priority by creating a comprehensive program to support employee training and skills development.**

When employees feel unprepared to perform their work, morale suffers. LTD has aggressively pursued new technologies to improve District performance, including new software and hardware. The training support for such new technology has fallen behind the need. In addition, the Maintenance Department goals include an aggressive training plan. It is time to bring District employee skills up to a new standard that will allow the best use of new technology and better prepare all employees to perform their work.

#### **Strategy #4: Expand health programs to include health education and injury and illness prevention.**

LTD has an aging workforce, with the average age of about 50. With aging come increased health needs, including disease and illness. Many new programs are

available in the insurance marketplace to help employers and employees address changes in health before they become a disease or illness. The Joint Insurance Committee has explored some of these programs and is in the position to manage this new approach effectively

### ***Background***

LTD has evolved from a small, family-like work environment to a larger, more complex organization. Matched with an economic downturn in the early 2000s, this has created a new work environment. The difficult labor negotiations added another layer to the concerns, and have left the organization in a state of lowered morale.

In the fall, the Board of Directors commissioned an organizational assessment. As a result, a number of morale-related concerns have surfaced and are awaiting a response. Additional "Employee Listening Sessions" conducted by Board members have added to the list of concerns.

The events of the past 24 months created an unusually difficult environment for collaboration between LTD and the ATU. Employees and leadership recognize that now is the opportunity to build relationships, increase trust, and work toward a more collaborative environment. Not only will this greatly assist in future labor negotiations, but it also will assist in the day-to-day decision making.

### ***Importance of the Issue***

Employee morale and employee development are key to LTD's success. How employees feel about their work environment heavily influences the message they carry to LTD's passengers and to the public. When employees feel unprepared to perform their work, or that their workload is so high they cannot perform to an expected standard, morale suffers.

The time to address this is now. The organizational assessment and the employee listening sessions have generated expectations that the Board and District will address the issues employees raised. Restoring employee support programs such as incentives and rewards are quick ways to demonstrate that the District is listening to the needs of its employees.

### ***Results of Recommended Action***

LTD is at a unique time in its history, a time when the Board of Directors, Leadership Council, and employees can work together to craft a new work environment, one that better matches LTD's size and the issues in today's workplace. The results will include more productive employees, better customer service and community relations, less adversarial labor relationships, more creative decision making, and more support for the District's mission and goals.

***Budget Impact***

There is a range of approaches to many of the concern areas that have been identified. Costs will vary significantly depending on the options selected. Staff estimates that costs could be from \$ 50,000 to \$ 350,000, most of which will be included in the 2006-07 proposed budget.

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**LC PRIORITY # 3**

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**EMPLOYEE MORALE AND HEALTH**

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November 29, 2005

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**Policy Question #1: Is improving employee morale and health a high priority to the district?**

Staff Recommendation: Yes. Employee morale and health influence all aspects of district performance. By providing a positive and healthy workplace, employees will be better prepared to perform their work, to provide excellent customer service, and better control costs to the district.

**Background**

LTD has evolved from a small, family-like work environment to a larger, more complex organization. This, matched with an economic downturn in the early 2000's, has created a new work environment. The difficult labor negotiations added another layer to the concerns, and have left the organization in a state of lowered morale.

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The events of the past 24 months created an unusually difficult environment for collaboration between LTD and the ATU. Employees and leadership recognize that now is the opportunity to build relationships, increase trust and work toward a more collaborative environment. Not only will this greatly assist in future labor negotiations, but it will assist in the day-to-day decision making.

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**Recommended Strategies**

In order to improve employee morale and health, staff is proposing the following:

- a. Institutionalize a comprehensive employee communications approach, and define the Board of Directors' role in the process.**

Staff Recommendation: Yes. A structured, routine process for employees to communicate their thoughts and concerns is an essential part of a healthy and

satisfying work environment, and improves morale. A review of best practices will determine an effective approach, and help define the role of the board.

**b. Create or reinstitute a comprehensive rewards and incentive program.**

During recent budget reductions, LTD eliminated most of the incentive and rewards programs once used. Employee feedback has been overwhelmingly consistent that reduction of programs of this sort create negative feelings and result in reduced job performance. A common characteristic of high-performing workplaces is a comprehensive program to track and reward preferred behaviors and high performance.

**c. Make training and skill development a high priority by creating a comprehensive program to support employee training and skills development.**

When employees feel unprepared to perform their work, morale suffers. LTD has aggressively pursued new technologies to improve district performance, including new software and hardware. The training support for such new technology has fallen behind the need. In addition, the Maintenance department goals include an aggressive training plan. It is time to bring district employee skills up to a new standard that will allow the best use of new technology and better prepare all employees to perform their work.

**d. Expand health programs to include health education and injury and illness prevention.**

LTD has an aging workforce, with the average age of about 50. With aging comes increased health needs, including disease and illness. Many new programs are available in the insurance marketplace to help employers and employees address changes in health before they become a disease or illness. The Joint Insurance Committee has explored some of these programs and is in the position to effectively manage this new approach.

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The time for this is now. The organization assessment and the employee listening sessions have generated expectations that the board and district will address the issues employees raised. Restoring employee support programs such as incentives and rewards are quick ways to demonstrate that the district is listening to the needs of its employees.

**Results of Recommended Action**

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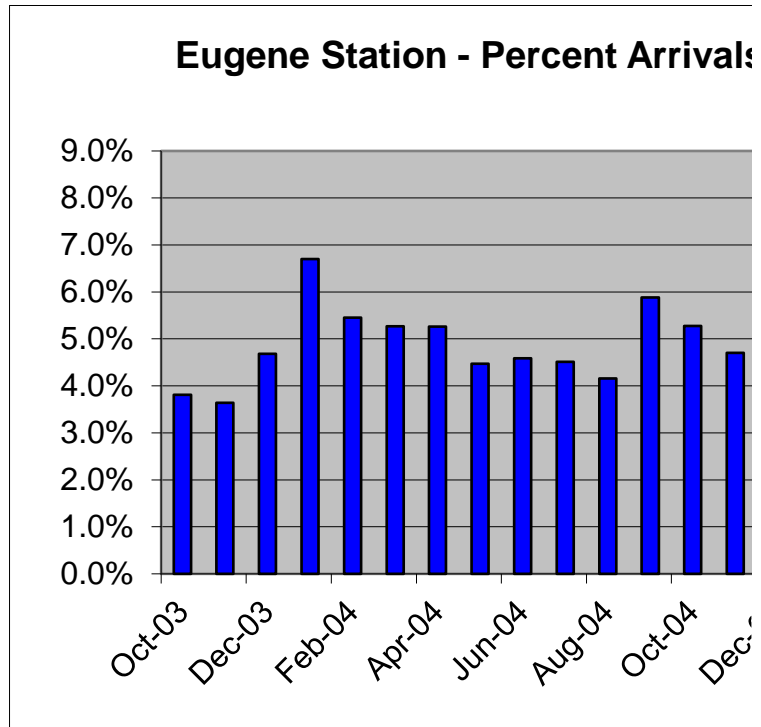
**Budget Impact**

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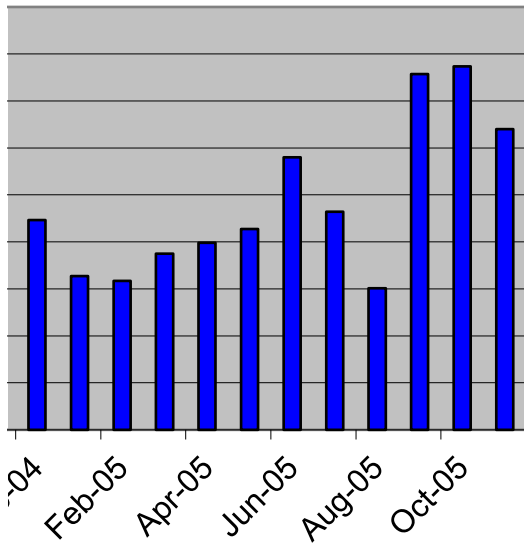
Eugene Station arrivals  
4+ minutes late

Oct-03	3.8%
Nov-03	3.6%
Dec-03	4.7%
Jan-04	6.7%
Feb-04	5.4%
Mar-04	5.3%
Apr-04	5.3%
May-04	4.5%
Jun-04	4.6%
Jul-04	4.5%
Aug-04	4.2%
Sep-04	5.9%
Oct-04	5.3%
Nov-04	4.7%
Dec-04	4.5%
Jan-05	3.3%
Feb-05	3.2%
Mar-05	3.7%
Apr-05	4.0%
May-05	4.3%
Jun-05	5.8%
Jul-05	4.6%
Aug-05	3.0%
Sep-05	7.6%
Oct-05	7.7%
Nov-05	6.4%





### s 4+ Minutes Late



## LC Priority #4 “Facility Preservation”

Draft December 2, 2005

Deleted: November 23

### Policy Question #1: Are LTD's facilities an important component of the high quality service we provide to our customers and employees?

Staff Recommendation: Yes. The quality of transit services is measured by the total experience the customer receives from start to finish of their trip with LTD. Likewise, the environment the employee experiences throughout their work day determines how an employee feels about their employer. Quality facilities play a key role in both cases.

### Strategy #1: Investment in facilities maintenance to preserve and maximize the useful life of the District's facilities.

Recommendation: Yes. A high standard of facility maintenance maximizes the useful life of LTD's infrastructure investments. Quality sends a message to customers, stakeholders, and employees that LTD cares, is a good steward of public resources, and is committed to safe, comfortable, clean facilities.

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### Strategy #2: Reallocate current Facilities department resources to restore deferred maintenance to District standards.

Staff Recommendation: Yes. Staff recommends reallocating contract services funds to personnel services to fund one FTE.

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### Strategy #3: Plan and budget facility operating funds to meet the growing needs of LTD's service systems.

Staff Recommendation: Yes. Facilities resources should be provided annually to reflect the growth of the facilities being built.

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### Background

LTD has invested approximately 40 million dollars over the last sixteen years in transit infrastructure, including the Glenwood facility, RideSource facility, Eugene Station, Springfield Station, nine other stations and 200 shelters. The Springfield Station and RideSource Operating facility are major facility projects completed for service within the last two years. LTD is also currently in process of completing the EmX, which is scheduled to open the fall of 2006. All require ongoing maintenance and operations.

Facility maintenance demands grow as service increases, new facilities are added, facilities age, the employee base grows, and complex systems are installed. Over the past 5 years, the Facilities maintenance department has worked with less internal help, attempting to find and utilize contracted help to fill the gaps. The result has been deferred maintenance on basic mechanical systems and other building preventive maintenance items that can impact operating life and effectiveness as years pass.

The Facilities Maintenance department has grown its contracted services budget, but is not reaping the maximum benefit from these dollars because contractors cannot understand the history of a system or building, and often it is hard to find the skill set necessary to meet the need.

*Importance of the Issue*

The services provided by the LTD's Facilities Department are critical to ensuring a safe, clean and well functioning and cared for environment for our customers, staff and community. It only makes good fiscal sense to preserve and maintain our existing facilities, at the same time LTD is moving ahead with new capital projects. Facilities that are clean and well maintained are important to our image as well as increasing their operating longevity. Further erosion of the maintenance of certain mechanical systems and further deterioration of some facilities will have substantial cost to LTD as years progress.

*Results of Recommended Action*

An F.T.E. added immediately would reduce the backlog of preventive maintenance and repair needs, while ensuring that the work is completed in a timely manner by trained, knowledgeable personnel.

The assignment of resources in the future will assure that current and future LTD facilities meet or exceed their useful lives, while preserving a quality of service to our customers and employees that communicates we care.

*Budget Impact*

There would be NO INCREASE in 05-06 Facilities Department budget. The funds needed to hire 1.0 F.T.E. would be transferred from contract services to personnel services.

In future years, the budget would be increased to meet the operating needs of whatever additional facilities are built. With EmX stations, progressive corridor stations, real-time information locations, high-tech fare collections systems, expanded passenger boarding improvements, more bathrooms for operators, fleet facility improvements, and a possible Glenwood renovation, this could have a significant impact on the operating budget.



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## **Facility Preservation**

### **LTD Board Strategic Planning Work Session**

### **December 9-10, 2005**

**Policy Question: Are LTD's facilities an important component of the high-quality service we provide to our customers and employees?**

Staff Recommendation: Yes. The quality of transit services is measured by the total experience the customer receives from start to finish of their trip with LTD. Likewise, the environment the employee experiences throughout his/her workday determines how an employee feels about his/her employer. Quality facilities play a key role in both cases.

**Strategy #1: Invest in facilities maintenance to preserve and maximize the useful life of the District's facilities.**

A high standard of facility maintenance maximizes the useful life of LTD's infrastructure investments. Quality sends a message to customers, stakeholders, and employees that LTD cares, is a good steward of public resources, and is committed to safe, comfortable, clean facilities.

**Strategy #2: Reallocate current Facilities Services division resources to restore deferred maintenance to District standards.**

Staff recommend reallocating contract services funds to personnel services to fund one additional FTE.

**Strategy #3: Plan and budget facility operating funds to meet the growing needs of LTD's service systems.**

Facilities resources should be provided annually to reflect the growth of the facilities being built.

### ***Background***

LTD has invested approximately \$40 million over the last sixteen years in transit infrastructure, including the Glenwood facility, RideSource facility, Eugene Station, Springfield Station, 9 other stations, and 200 shelters. The Springfield Station and RideSource operating facility are major facility projects completed for service within the last two years. LTD is currently in the process of completing the EmX Franklin Corridor, which is scheduled to open in the fall of 2006. All require ongoing maintenance and operations.

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the Facilities Services division has worked with less internal help, attempting to find and utilize contracted help to fill the gaps. The result has been deferred maintenance on basic mechanical systems and other building preventive maintenance items that can impact operating life and effectiveness as years pass.

The Facilities Services division has grown its contracted services budget, but is not reaping the maximum benefit from these dollars because contractors cannot understand the history of a system or building, and often it is hard to find the skill set necessary to meet the need.

### ***Importance of the Issue***

The services provided by LTD's Facilities Services division are critical to ensuring a safe, clean, and well-functioning and cared-for environment for our customers, staff, and community. It makes good fiscal sense to preserve and maintain our existing facilities. Facilities that are clean and well maintained are important to LTD's image and increase their operating longevity. Further erosion of the maintenance of certain mechanical systems and further deterioration of some facilities will have substantial cost to LTD as the years progress.

### ***Results of Recommended Action***

An F.T.E. added immediately would reduce the backlog of preventive maintenance and repair needs, while ensuring that the work is completed in a timely manner by trained, knowledgeable personnel.

The assignment of resources in the future will assure that current and future LTD facilities meet or exceed their useful lives, while preserving a quality of service to our customers and employees that communicates that we care.

### ***Budget Impact***

There would be no increase in FY 2005-06 Facilities Services budget. The funds needed to hire 1.0 F.T.E. would be transferred from contract services to personnel services. In future years, the budget would be increased to meet the operating needs of whatever additional facilities are built. With EmX stations, progressive corridor stations, real-time information locations, high-tech fare collections systems, expanded passenger boarding improvements, more bathrooms for operators, fleet facility improvements, and a possible Glenwood renovation, this could have a significant impact on the operating budget.

12/8/05

## LTD Board Workshop

Dec. 9/10, 2005

### 1. Opening Statement

- a. We are beginning the process of setting LTD's specific agenda for next FY and the broad agenda for next 3 to 5 years.
- b. This is an opportunity for the Board to cover a broad range of issues facing the District. Staff is not assuming that we will have complete responses to all the issues we discuss. To insure that we cover all the issues the Board wants to address and so we do not lose tack of what is discussed, staff will be doing the following:
  - i. Recording significant points on all of the issues on flip charts. If you note that we have failed to catch the nuance of a point, please point it out to us.
  - ii. Maintaining a separate list that we call the Parking Lot. We can list items here that are important but are not relevant to the current conversation or for which we don't have enough time to discuss more thoroughly.
- c. The process we are about to embark on today is done under the overarching strategic plan that is general enough to cover multi-years of operations. You will find the current draft Strategic Plan in your folder immediately behind the agenda.

- i. The first step in the process was for each dept. to asses their respective needs for next fiscal year within the constraints of the strategic plan
- ii. Those needs were then brought to a strategic planning workshop that the dept. managers conducted in November. At the workshop, the managers developed a fairly specific set of recommendations on the priorities that LTD needs to focus on next fiscal year. In some cases, the CIP and fixed route service, these recommendations extended beyond next fiscal year.
- iii. The focus of this workshop is to review this proposed set of priorities for next fiscal year and to integrate the Boards perspective into these priorities. We intend to look at the needs first by discussing what they are, their scale, and their importance. We will then look at the Long Range Financial Plan assess the cost of implementing these priorities, short and long term.
- iv. **Workshop GOAL:** At the conclusion of work on Saturday we hope to have a clear sense of the District priorities and plans for next fiscal year as well as a more general set of goals for the next 8 years. In other words, to merge the work completed by staff with the Board's direction. We may not have completed our task and there may be a new

set of questions and priorities, but we need a clear direction to take back to the organization.

- v. Staff will then take these priorities back to the organization for input and comment. At the conclusion of the workshop we can spend some time discussing how this process could work and the role of the Board in the continued refinement of this strategic plan.

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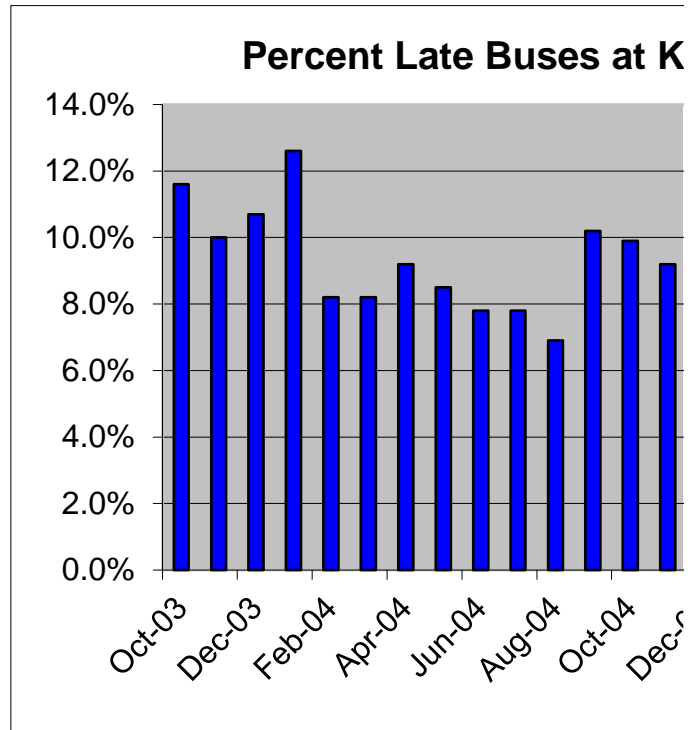
## 2. Conclusion

- a. Here are the priorities and objectives for which there appears to be a general consensus.
  - i. 1, 2,3, etc.
- b. Here are the priorities for which there does not appear to be consensus..... What is to happen to these?
- c. Additionally, here is a list of parking lot issues. Is it complete. What is to happen to these?
- d. What happens next?
  - i. These conclusions will be compiled and combined into a single document. For the sake of communication, some sort of summary document will be developed and disseminated throughout the organization.
  - ii. Staff will then initiate a series of meeting within the organization to share the priorities and elicit feedback. These meeting will be with:
    - 1. Administrative staff

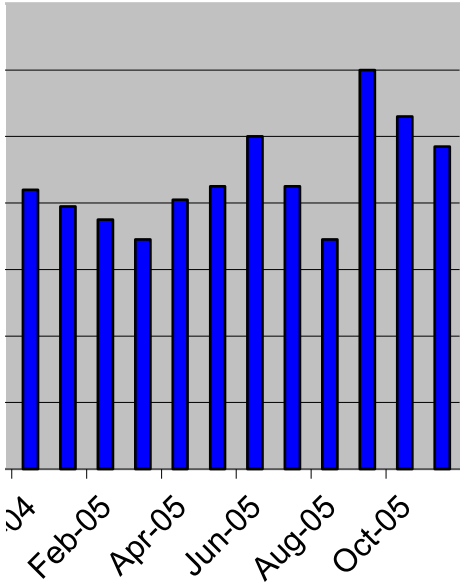


2. The Union
3. Employees in all of the individual departments
4. The operators: Because of the length and complexity of the issues, the operators are the most difficult group to communicate with. Beyond disseminating this information LTD would work to utilize existing operator advisory committees to provide a more focused forum to discuss and receive feedback on this material. This might include the service advisory committee, the safety committee, operator trainers, etc.
5. The organizational feedback will then be compiled in a summary document to be shared with the Board at a work session, most likely scheduled in February. At this work session the Board can then determine if there is a need to amend the priorities prior to the submission of the proposed FY 2006-07 Budget, CIP, and LRFP.

	Percent Late
Oct-03	11.6%
Nov-03	10.0%
Dec-03	10.7%
Jan-04	12.6%
Feb-04	8.2%
Mar-04	8.2%
Apr-04	9.2%
May-04	8.5%
Jun-04	7.8%
Jul-04	7.8%
Aug-04	6.9%
Sep-04	10.2%
Oct-04	9.9%
Nov-04	9.2%
Dec-04	8.4%
Jan-05	7.9%
Feb-05	7.5%
Mar-05	6.9%
Apr-05	8.1%
May-05	8.5%
Jun-05	10.0%
Jul-05	8.5%
Aug-05	6.9%
Sep-05	12.0%
Oct-05	10.6%
Nov-05	9.7%



## Key Timepoints





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## **Fleet Maintenance & Reliability LTD Board Strategic Planning Work Session December 9 - 10, 2005**

### **Policy Question: Is fleet operational reliability a priority for the District for FY 2006-07?**

Staff Recommendation: Yes. The LTD leadership group has identified fleet reliability as a priority for Fiscal Year 2006-07. The strategies for next fiscal year to maintain fleet reliability are:

#### **Strategy #1: Replace 30 of the current buses by December 31, 2006.**

All of the buses purchased in 1991 and 10 of the 28 buses purchased in 1994 would be replaced as part of our next purchase.

#### **Strategy #2: Implement a revised maintenance plan to ensure the reliability of the bus fleet.**

This strategy will include various changes within the Maintenance Department. Some of the more important issues include the rewriting of the Preventive Maintenance Plan (PMP) along with more frequent services. To accomplish this task more effectively, there may need to be changes in job classifications to utilize current staff more efficiently. Also important to this effort is the training initiative being proposed by the Human Resources Department. An integrated training plan would provide for a reliable source of skilled labor to implement the PMP.

#### **Strategy #3: Expedite the completion of deferred maintenance.**

Efforts must be made to expedite the deferred services and repairs. A majority of this outstanding work will be time-intensive to complete. If LTD were to divert staff to this task, it would be difficult to maintain ongoing daily service in a timely manner, and workspace is limited. Maintenance is currently evaluating options for allowing this work to be completed in an efficient and timely manner.

### **Background**

Fleet reliability is a complex relationship between fleet type, age, and ongoing maintenance practices. New buses are almost universally more reliable and less expensive to maintain. As a fleet ages, it will require major component rebuilds (e.g., engine overhauls), or replacements and more intensive maintenance. At some point, a cost/benefit analysis indicates that a type or series of bus should be replaced. Since the federal government finances most bus purchases, they require that this replacement occur after the bus has provided at least 12 years of service or has accumulated 500,000 miles. Typically, LTD replaces buses on a 15-year cycle, but this is dependent on a cost/benefit analysis and the availability of capital bus replacement funds.

LTD is approaching a critical decision point in terms of fleet replacement. Next year, 20 buses will be 15 years old and 28 buses will be 12 years old. A majority of the 12-year-old buses are *currently* in need of major component rebuild/repairs. Although it would be ideal if all 48 buses could be replaced at this time, there are not sufficient federal or local funds to do this. The maximum number of replacement buses that LTD can finance under current budget assumptions is 30 of the 48.

Moreover, staff are proposing to implement a revised fleet maintenance plan to ensure future fleet reliability. In 2002, Fleet Maintenance, along with every other department, made budget cuts to balance the budget. Adjustments of service and repair processes were made in an effort to reduce costs and still meet service demands. An in-depth review of the fleet reflects that these cost-cutting measures are no longer sustainable if LTD intends to maintain fleet reliability. To correct this, it may be necessary to add fleet maintenance staff.

### ***Importance of the Issue***

Unless we can implement these corrections, the fleet's overall operational condition will eventually deteriorate, increasing failure rates and reducing reliability. This will greatly affect our ability to provide dependable buses for daily service.

### ***Results of Recommended Action***

*Strategy #1:* Staff will immediately proceed with preparing the necessary paperwork to replace 30 of our current buses. This is time sensitive and must be completed quickly to assure timely delivery.

*Strategy #2:* Staff will immediately begin discussions regarding work allocation to deal with the revised maintenance plan.

*Strategy #3:* Staff will explore options for expediting the one-time completion of deferred maintenance. Due to time and space restrictions, it is possible that outside assistance will be needed to complete this work. Should this be the case, staff will review what, if any, impacts this will have in relation to the current labor agreement.

### ***Budget Impact***

Staff currently are developing a zero-based budget to determine staff needs and any other cost impacts such changes would have on the budget. Additional resources will be needed to maintain fleet reliability.



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**LC Priority #1  
Service Reliability  
LTD Board Strategic Planning Work Session  
December 9-10, 2005**

**Policy Question #1: Is maintaining service reliability the top priority for the District?**

Staff Recommendation: Yes. The LTD leadership group identified this as the top priority at their annual strategic planning workshop. To maintain service reliability the following strategies will be necessary.

**Strategy #1: Include a 2 percent service increase in the FY 2006-07 budget to address service reliability issues.**

It is anticipated that up to 2 percent of additional service will be necessary to bring the service back up to standards in terms of on-time performance and operator wellbeing.

**Strategy #2: An annual 1 percent service increase in the Long-Range Financial Plan should be targeted to maintaining service reliability.**

It is estimated that approximately 1 percent of service must be added every year to maintain existing service.

**Strategy #4: Review current performance standards used in identifying service reliability needs.**

The District's Service Policy includes standards for several service items. However, the standards addressing service reliability should be re-evaluated and refined.

***Background***

As the community grows, traffic congestion continues to increase and LTD's ridership grows (October 2005 was the highest ridership month in LTD's history). These trends slow bus travel speeds and increase bus travel times. As bus travel times increase, buses have a harder time keeping to their established schedule, resulting in late buses, missed transfer connections for riders, and a reduction in the recovery time and break time for operators.

While this is an ongoing issue, it has been of particular concern recently. The service reduction of the last several years has eliminated much of the "cushion" from the system, making it more vulnerable to scheduling problems. In addition, a 10 percent ridership increase this fall compared with last year has placed a greater strain on the system. Attached are two graphs that provide data on schedule adherence for the last two years. One graph indicates the

percentage of late buses at significant timepoints, and the other graph shows the percent of buses arriving late at the Eugene Station.

The short-term solution to this problem is to add running time to bus routes. Historical records indicate that service should increase about 1 percent per year, on average, to keep pace with the impacts of traffic congestion on travel time. Thus, if the service level remains the same, the effective service level is decreased.

On a longer-term basis, the recommended solution is to protect the bus from the adverse impact of traffic congestion on congested corridors. This is done by implementing the EmX system and, to some extent, by implementing Progressive Corridor Enhancements.

### ***Importance of the Issue***

Several studies have identified service reliability as a key factor in a person's decision to use public transportation. It doesn't take too many missed transfers or being late to work before a transit riders finds another transportation option. In addition, improving on-time performance can have a positive impact on the operators' morale and wellbeing.

### ***Results of Recommended Action***

Staff would add an annual 1 percent increase to service in the Long-Range Financial Plan (LRFP). The increase would be targeted to address operational problems in the service. An additional 1 percent "catch-up" increase would be added for FY 2006-07.

### ***Budget Impact***

The addition of a 2 percent service increase in FY 2006-07 will add approximately \$260,000 to the budget. The LRFP currently does not show service increases except for a \$1 million increase associated with the beginning of service to RiverBend. Each percent of service costs approximately \$130,000 in direct cost. Since this is an annual cost, the addition is compounded in future years.

**LC Priority # 2**  
**Fleet Maintenance & Reliability**  
December 9, 2005

**Policy Question: Is fleet operational reliability a priority for the District for FY 2006-07?**

Staff Recommendation: Yes. The LTD leadership group has identified fleet reliability as a priority for Fiscal Year 2006-07. The components of maintaining reliability for next fiscal year are:

- The replacement of 30 of the current 100 buses by December 31, 2006
- The implementation of a revised maintenance plan to insure a reliable bus fleet into the future.

Upkeep of fleet appearance, (paint and bodywork) are also important and needs to be addressed as part of the current budget process but is separate from reliability.

**Background**

Fleet reliability is a complex relationship between fleet type, age, and on-going maintenance practices. New buses are almost universally more reliable and less expensive to maintain. As a fleet ages, it will require major component rebuilds, (i.e. engine overhauls), or replacements and more intensive maintenance. At some point a cost/benefit analysis indicates that a type or series of bus should be replaced. Since the federal government finances most bus purchases they require that this replacement occurs after the bus has provided, at least 12 years of service or has accumulated 500,000 miles. Typically, LTD replaces buses on a 15 years cycle, but this is dependent on a cost/benefit analysis and the availability of capital bus replacement funds.

LTD is approaching a critical decision point in terms of fleet replacement. Next year, 20 buses will be 15 years old and 28 buses will be 12 years old. A majority of the 12 year old buses are currently in need of major component rebuild/repairs. Therefore it, would be ideal if all 48 buses could be replaced at this time, but there is not sufficient federal or local funds to do this. The maximum number of replacement buses that LTD can finance under current budget assumptions is 30 of the 48, and staff proposes that we move immediately to implement this purchase.

Moreover, staff is proposing to implement a revised fleet maintenance plan to insure future fleet reliability. In 2002, Fleet Maintenance along with every other department made budget cuts to balance the budget. They adjusted service and repair processes in an effort to reduce costs and still meet service demands. An in-depth review of the fleet reflects that some of these cost cutting measures are no longer sustainable if LTD intends to maintain fleet reliability.

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## Fleet Maintenance & Reliability Continued

In order to ensure an acceptable level of fleet reliability, staff is proposing to examine the following strategies:

**a. Implement a revised maintenance plan**

This allows for various changes within the Maintenance Department. Some of the more important issues include the rewriting of our Preventative Maintenance Plan (PMP) along with more frequent services. To more effectively accomplish this task, maintenance would meet with the ATU to discuss changes in job classifications to more efficiently utilize current staff. Also important to this effort is the training initiative being proposed by the Human Resources Dept. An integrated training plan would provide for a reliable source of skilled labor to implement the PMP.

**b. Accelerate the repair of defects and the rebuilding of components through contracting**

This will help maintenance "catch-up" on deferred maintenance. A majority of these defects will be time intensive to repair. If LTD were to divert staff to this task, it would be difficult to maintain on-going daily service in a timely manner and workspace is limited. By performing this work outside, we would be able to catch up much more quickly. This is an issue that we will also need to discuss with ATU.

**c. Consider adding additional staff to Fleet Maintenance**

The addition of staff to Fleet Maintenance would depend on the outcomes of changes proposed in (a) and (b) immediately above. It appears that Fleet will need additional resources to meet this priority but the exact type and amount has yet to be determined.

### Importance of the Issue

Unless we can implement these corrections, the fleet's overall operational condition will eventually deteriorate, increasing failure rates and reducing reliability. This will greatly affect our ability to provide dependable buses for daily service.

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### Results of Recommended Action

Staff will immediately begin discussions with ATU on job classifications and work allocations. Staff will also explore the option of having some of the more immediate work provided by an outside contractor. This will entail determining what work is available on a contracted basis, if contracting is cost effective, and the implications of contracting for the current labor contract. The results of those deliberations will then direct consideration of additional resources for Fleet Maintenance in the FY 2006-07 budget. Staff will also proceed with preparing the necessary paperwork to replace 30 buses of our current fleet.

### Budget Impact

Staff is currently developing a zero based budget to determine staff needs and any other cost impacts such changes would have on the budget. What additional resources will be needed to maintain fleet reliability is dependent upon discussions with the Union and contracting options. What is evident is that additional resources will be needed.

Deleted: has not calculated the budget impact of this recommendation. Maintenance is currently developing a zero based budget to determine staffing needs under the existing maintenance program and how a revision to maintenance classification job responsibilities would improve efficiency

# Fleet Maintenance & Reliability

## **Policy Question: Is fleet operational reliability a priority for the District for FY 2006-07?**

Staff Recommendation: Yes. The LTD leadership group has identified fleet reliability as a priority for Fiscal Year 2006-07. The strategies for next fiscal year to maintain fleet reliability are:

### **Strategy #1: Replace 30 of the current buses by December 31, 2006.**

All of the buses purchased in 1991 and ten (10) of the twenty-eight (28) buses purchased in 1994 would be replaced as part of our next purchase.

### **Strategy #2: Implement a revised maintenance plan to insure the reliability of the bus fleet.**

This strategy will include various changes within the Maintenance Department. Some of the more important issues include the rewriting of the Preventative Maintenance Plan (PMP) along with more frequent services. To more effectively accomplish this task, there may need to be changes in job classifications to more efficiently utilize current staff. Also important to this effort is the training initiative being proposed by the Human Resources Dept. An integrated training plan would provide for a reliable source of skilled labor to implement the PMP.

### **Strategy #3: Expedite the completion of deferred maintenance.**

Efforts must be made to expedite the deferred services and repairs. A majority of this outstanding work will be time intensive to complete. If LTD were to divert staff to this task, it would be difficult to maintain on-going daily service in a timely manner and workspace is limited. Maintenance is currently evaluating options for allowing this work to be completed in an efficient and timely manner.

## **Background**

Fleet reliability is a complex relationship between fleet type, age, and on-going maintenance practices. New buses are almost universally more reliable and less expensive to maintain. As a fleet ages, it will require major component rebuilds, (i.e. engine overhauls), or replacements and more intensive maintenance. At some point, a cost/benefit analysis indicates that a type or series of bus should be replaced. Since the federal government finances most bus purchases, they require that this replacement occur after the bus has provided at least 12 years of service or has accumulated 500,000 miles. Typically, LTD replaces buses on a 15 year cycle, but this is dependent on a cost/benefit analysis and the availability of capital bus replacement funds.

LTD is approaching a critical decision point in terms of fleet replacement. Next year, 20 buses will be 15 years old and 28 buses will be 12 years old. A majority of the 12 year old buses are *currently* in need of major component rebuild/repairs. Although it would be ideal if all 48 buses could be replaced at this time, there are not sufficient federal or local

funds to do this. The maximum number of replacement buses that LTD can finance under current budget assumptions is 30 of the 48.

Moreover, staff is proposing to implement a revised fleet maintenance plan to insure future fleet reliability. In 2002, Fleet Maintenance along with every other department made budget cuts to balance the budget. Adjustments of service and repair processes were made in an effort to reduce costs and still meet service demands. An in-depth review of the fleet reflects that these cost cutting measures are no longer sustainable if LTD intends to maintain fleet reliability. To correct this, it may be necessary to add fleet maintenance staff.

### ***Importance of the Issue***

Unless we can implement these corrections, the fleet's overall operational condition will eventually deteriorate, increasing failure rates and reducing reliability. This will greatly affect our ability to provide dependable buses for daily service.

### ***Results of Recommended Action***

*Strategy #1:* Staff will immediately proceed with preparing the necessary paperwork to replace 30 of our current buses. This is time sensitive and must be completed quickly to assure timely delivery.

*Strategy #2:* Staff will immediately begin discussions regarding work allocation to deal with the revised maintenance plan.

*Strategy #3:* Staff will explore options for expediting the one time completion of deferred maintenance. Due to time and space restrictions, it is possible that outside assistance will be needed to complete this work. Should this be the case, staff will review what, if any, impacts this will have in relation to the current labor agreement.

### ***Budget Impact***

Staff is currently developing a zero based budget to determine staff needs and any other cost impacts such changes would have on the budget. Additional resources will be needed to maintain fleet reliability.



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## **Fleet Maintenance & Reliability LTD Board Strategic Planning Work Session December 9 - 10, 2005**

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This strategy will include various changes within the Maintenance Department. Some of the more important issues include the rewriting of the Preventive Maintenance Plan (PMP) along with more frequent services. To accomplish this task more effectively, there may need to be changes in job classifications to utilize current staff more efficiently. Also important to this effort is the training initiative being proposed by the Human Resources Department. An integrated training plan would provide for a reliable source of skilled labor to implement the PMP.

#### **Strategy #3: Expedite the completion of deferred maintenance.**

Efforts must be made to expedite the deferred services and repairs. A majority of this outstanding work will be time-intensive to complete. If LTD were to divert staff to this task, it would be difficult to maintain ongoing daily service in a timely manner, and workspace is limited. Maintenance is currently evaluating options for allowing this work to be completed in an efficient and timely manner.

### **Background**

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### ***Budget Impact***

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## Other Priorities

(Not in Priority Order)

### LTD Board Strategic Planning Work Session December 9-10, 2005

- **Marketing and Communications Plan Development.** The current Marketing and Communications budget can be broken into the following components:
  - Service marketing – this category includes all materials required to inform customers about current services. Development and printing of the *Rider's Digests*, station graphics, and bus stop information fall into this budget category. Approximately one-half of the \$300,000 materials and services marketing budget is allocated to service marketing.
  - Advertising and promotion – this category makes up approximately one-third of the marketing budget. Expenses in this area include paid media development and placement costs that support LTD services and programs. Image advertising is addressed in this area; however, the majority of these funds are spent in support of on-going programs and services.
  - General program support – a small amount of funds are necessary to update materials, pay fees associated with the District's memberships in Chambers of Commerce, pay fees associated with business and community booth space, and other miscellaneous staff support costs.

Utilizing mass media to strengthen LTD's image is an important subject to be examined, but beyond image this goal addresses an increased level of marketing to effectively introduce EmX service. Grand opening activities will be funded through the EmX grant and the grant also may cover expenses related to safety messages that will precede operations. The operating budget will need to carry ongoing promotions that include EmX, but also includes marketing of system changes resulting from the annual route review process. Additional funds to develop and place paid media advertising will range between \$100,000 and \$300,000.

**Policy issues:** Allocation of resources and effectiveness of programs; level of Board involvement.

**Staff recommendation:** Consider an expanded media campaign as part of FY 2006-07 budget development.

- **Pioneer Parkway Development.** Environmental review for the Pioneer Parkway EmX project continues. Staff envision issuing a combined Alternatives Analysis and Draft Environmental Impact Statement in Spring 2006 and selecting a Locally Preferred Alternative in June 2006. This schedule would lead to a New Starts submittal in August 2006 and allow the Pioneer Parkway project to be considered for inclusion in the New Starts report that is issued in February 2007.

**Policy issue:** The Pioneer Parkway development schedule; the budget for the project.

**Staff recommendation:** Proceed with the Pioneer Parkway EmX project using the budget and schedule assumptions included in the current CIP.

- **Development and Funding of the CIP.** Developing the Capital Improvements Plan has become a complicated process because it must assume a certain level of federal funding for Pioneer Parkway EmX, the amount of which is both undetermined and, of course, not yet appropriated. Staff remain confident that federal funding will be available but the local match requirement remains uncertain.

Local match for Pioneer Parkway may be helped by the use of state funds via the Connect Oregon program enacted by the 2005 legislature. However, proposed rules for that program appear to require cash as match, complicating preparation of the CIP.

Another issue for the development of the CIP is how many buses need to be purchased. Some federal funds (\$2.9 million) were authorized in this year's transportation authorization, but they are appropriated over four years and will not all be available for an FY 07 bus purchase.

**Policy issues:** bus purchase funding risks; project match requirements; debt financing.

**Staff recommendation:** CIP issues will be discussed in a separate part of the work session agenda.

- **Pension funding plan.** There are several components to this goal, which could be internally prioritized, if desired. They include:
  - Whether LTD should adjust contributions or plan design in order to address the current and projected liabilities for both the ATU and administration plans.
  - Whether the actuarial assumption for interest rates should be modified.
  - Whether both plans should be amended to include an institutionalized annual COLA. Cost estimate: approximately \$250,000 per year.
  - Prospectively restructure plans and benefits.

**Policy issues:** Fiscal responsibility; fiduciary responsibility; and desired benefit to employees.

**Staff recommendation:** Hold a separate Board work session on this topic. This would allow the trust attorney and actuary to serve as immediate resources to the Board.

- **Redesign of fixed-route system.** Funding to address service reliability needs and budgeting an ongoing amount for continued needs in that area is the District's highest priority. However, there periodically also is a need for a more comprehensive evaluation of service. As EmX is implemented and progressive corridor enhancement is developed, the fixed-route system may need to be reviewed from a global perspective. If the system requires significant changes in order to better meet the operating environment and the needs of customers, it is best that this be done in the context of an overall service redesign. A redesign can be managed under varying budget scenarios. The redesign of 1981 was implemented as part of a service reduction needed. The redesign in 1991 added nearly 10 percent more service hours, while the 2000 redesign added only 4 percent. The cost of a 4 percent change is approximately \$500,000 annually.

**Policy issues:** Allocation of resources for service redesign; effectiveness of current service.

**Staff recommendation:** Consider the implementation of a Comprehensive Service Redesign (CSR) for fall 2008. That date coincides with the opening of the new hospital at RiverBend. The Long-Range Financial Plan includes a significant service increase in that year (to help serve RiverBend), which can be most efficiently allocated as part of a CSR.