



**LANE TRANSIT DISTRICT  
BOARD OF DIRECTORS  
FINANCE COMMITTEE MEETING**

Monday, June 10, 2019  
4:00 p.m.

**LTD Board Room**  
3500 E. 17th Avenue, Eugene  
(Off Glenwood Blvd. in Glenwood)

**AGENDA**

<u>Time</u>	<u>ITEM</u>	<u>Page</u>
4:00 p.m.	I. CALL TO ORDER	
	II. ROLL CALL	
	<input type="checkbox"/> Emily Secord <input type="checkbox"/> Joshua Skov <input type="checkbox"/> Carl Yeh	
	III. COMMENTS FROM THE CHAIR	
4:05 p.m.	IV. APPROVAL OF MINUTES	2
	<b>Action Needed:</b> Approval	
	<i>Approve minutes from the May 13, 2019, meeting</i>	
4:10 p.m.	V. CONTRACT NO. 2019-49 – GIRO, INC. [Robin Mayall, Tom Schwetz]	5
4:20 p.m.	VI. CONTRACT NO. 2019-51 – THORP, PURDY, JEWETT, URNESS & WILKINSON, P.C. [Collina Beard]	8
4:30 p.m.	VII. CONTRACT NO. 2019-33 – MARKETING & COMMUNICATIONS BENCH [Cosette Rees]	10
4:40 p.m.	VIII. CONTRACT AMENDMENT NO. 2018-09 – KUHN INVESTMENTS, INC., DBA RIVER CITIES TAXI [Cosette Rees]	12
4:50 p.m.	IX. PROCUREMENT POLICY REVISION: INVENTORY AND DISPOSITION POLICY FOR PERSONAL PROPERTY [Collina Beard]	14
5:00 p.m.	X. ADJOURNMENT	

The facility used for this meeting is wheelchair accessible. To request a reasonable accommodation or interpreter, including alternative formats of printed materials, please contact LTD's Administration office no later than 48 hours prior to the meeting at 541-682-5555 (voice) or 7-1-1 (TTY through Oregon Relay).

MINUTES OF FINANCE COMMITTEE MEETING

LANE TRANSIT DISTRICT

Monday, May 13, 2019

Pursuant to notice given to The Register-Guard for publication on May 8, 2019, and distributed to persons on the mailing list of the District, the Human Resources Committee of the Lane Transit District held a meeting on Monday, May 13, 2019, beginning at 4:00 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

Present: Carl Yeh, Chair  
Emily Secord (via teleconference)  
Josh Skov  
Kristin Denmark, General Counsel  
Camille Gandolfi, Clerk of the Board  
Robin Mayall  
Collina Beard  
Mark Johnson, Assistant General Manager  
AJ Jackson, General Manager

**CALL TO ORDER/ROLL CALL** – Mr. Yeh convened the meeting of Finance Committee at 4:08 p.m. and everyone present introduced themselves.

**COMMENT FROM CHAIR** – Mr. Yeh had no comments.

**MOTION APPROVAL OF MEETING MINUTES** – Mr. Skov moved to approve the minutes of the April 8, 2019, Finance Committee meeting as presented. Ms. Secord provided the second.

**VOTE** The motion passed as follows:

AYES: Secord, Skov, Yeh (3)  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: None

**PROCUREMENT POLICY REVISION: CLAIMS REVIEW BOARD AND THRESHOLD FOR MICRO PURCHASES** – Ms. Beard said that there were two revisions to the policy that they would be approving for recommendation to the Board.

The first will be establishing a claims review board. Ms. Beard said all contracts already have a dispute clause that would go into effect if they created the board. Ms. Denmark let everyone know that other municipal clients also have review boards, and that they would be helpful in an event there were a disagreement between LTD and a contractor. Review boards usually help settle any issue with contractors outside of court, which helps save time and money. So far it has been 100 percent successful.

Ms. Secord asked if there was currently an issue pending that caused the review board to be established. Ms. Denmark said that there was not, it had just been on their to-do list for a while and they were finally getting around to it. Mr. Skov questioned what the composition of the board would be. Ms. Denmark said that it would be a standing board, and that what they are looking for is in the packet. She said that she thinks the packet called for a general manager, a financial member, and legal counsel.

The second revision to the policy is the increase in the micro market purchases threshold from \$3,000 to \$10,000. In June 2018, the FTA had authorized raising the amount, but LTD wanted to assess whether it would be a good move for them. Ms. Beard said that this will streamline the process, making smaller purchases easier to make and the amount of paperwork smaller.

Mr. Skov asked who would be overseeing all the purchases made. Ms. Beard said that procurement would still be in charge of going over purchases. Mr. Skov asked what type of record would be kept. Ms. Beard said that they would upload the paperwork and purchase receipt to their servers. Mr. Skov asked what the time frame basis would be. Ms. Beard said that it would be looked at annually, Ms. Jackson interjected to clarify it would be by fiscal year.

Mr. Skov mentioned that in Redwood, WA they have a website that lists all their expenditures, and thought they should be more transparent. Ms. Denmark asked Ms. Beard if that would be an easy thing to keep track of, and she said she would look into it.

Ms. Secord inquired into who would be able to make these purchases. Ms. Beard said that anyone who had been authorized by their manager to make purchases would have the new \$10,000 limit. Mr. Skov asked what the threshold would be for smaller purchases, like office supplies. Ms. Beard said that that also falls under the \$10,000 limit.

Mr. Skov wanted to know how they would present this to the Board, since their last presentation was confusing to the members. Mr. Yeh said that he did not think it would be as confusing, since a threshold increase is an understandable concept. Ms. Denmark said that she could answer any question that the Board had, since it was in her area. Ms. Gandolfi said that they will have their own action item on the Board agenda so there should be no issue.

**MOTION** Mr. Skov moved to forward the procurement policy revisions to the board of directors with recommendation for approval. Ms. Secord seconded.

**VOTE** The motion passed as follows:

AYES: Secord, Skov, Yeh (3)

NAYS: None

ABSTENTIONS: None

EXCUSED: None

**CONTRACT NO: 2019-39 IVOXY CONSULTING, LLC** – Mr. Yeh said that there should be no issue with Ms. Mayall's proposal and wanted to know why they were not going forward with it. Ms. Denmark said that there are certain statutory requirements to meet a sole source procurement, which has to go before the Board. Even though it is legal, since they do not have any written findings to support the sole source it could become a problem if issues pop up. Ms. Denmark said that she usually does not suggest a sole source in these circumstances, but Ms. Mayall was very persistent about working with IVOXY. Ms. Mayall said that many other companies are able to do what they are asking, but since the work is very intrusive, working with a company they know would be more secure. She said that she thought this was a good enough reason to do sole sourcing. Ms. Denmark clarified that if there is history of working with a company that is not sole sourcing.

Ms. Secord asked what prevents fraud alert detection, and what they would do if a contractor or employee was trying to steal money from LTD. Ms. Jackson said that the procurement committee is in charge of validating purchases and making sure money is being spent wisely. She said that she hoped that they would be able to catch any suspicious activity. Mr. Johnson said that there are checks and balances in place to catch those things. Ms. Beard chimed in, saying they keep a record of purchases for this reason, that procurement and staff are trained to spot any red flags. Ms. Jackson said that there is no clear way to be 100 percent protected, but creating an environment of accountability is preventative.

Mr. Skov said that he thought they should look back after a year of the \$10,000 threshold and double check to see if it was a good idea. Ms. Denmark let him and Ms. Secord know that back in 2017 the general manager had unlimited spending, so while changes might seem big to them, they were still in the process of cleaning things up. This \$10,000 lift, in comparison, is rather minimal.

Mr. Yeh let Ms. Mayall know that he was okay with her withdrawing this from the committee, but thought it was weird that IVOXY wanted exactly \$10,000 right when the threshold was increased. Ms. Mayall said that no one was aware that the increase was happening, and it just turned out that \$10,000 was what they wanted. Ms. Beard informed everyone that other companies' want four or six times the amount to do the same work. Ms. Mayall said that with their history with IVOXY and the deal they made, it did not make sense to go with anyone else.

Mr. Skov said that he wanted more information on the security concerns Ms. Mayall had. Ms. Mayall said that usually an LTD IT employee would be in charge of doing the work they want IVOXY to do, but since they are understaffed at the moment they needed to outsource.

Mr. Yeh said that he thought this would be a good place to end, since they were going over time.

**ADJOURNMENT** – Mr. Yeh adjourned the meeting at 5:03 p.m.

(Minutes recorded by Lydia Dysart)



## AGENDA ITEM SUMMARY

<b>DATE OF MEETING:</b>	June 10, 2019
<b>ITEM TITLE:</b>	CONTRACT NO. 2019-49: GIRO, INC.
<b>PREPARED BY:</b>	Robin Mayall, Director of IT and Strategic Innovation; Tom Schwetz, Director of Planning & Development
<b>DIRECTOR:</b>	Mark Johnson, Assistant General Manager
<b>ACTION REQUESTED:</b>	Forward to the Board of Directors with a recommendation of approval

***Please disclose any actual or potential conflict of interest.***

**PURPOSE:** To authorize the general manager to enter into contract with GIRO, Inc. ("GIRO"), for the purpose of completing an upgrade to the existing Hastus Service Planning software ("Hastus").

**ROLE OF THE BOARD:** The LTD Board of Directors is a Policy Board and the local contract review Board. As such, and in accordance with LTD Resolution No. 2017-03-15-011, the Board must review and approve all contracts exceeding \$149,999. Additionally, as this is a sole source purchase of proprietary software, the Board of Directors must adopt written findings, in accordance with rules adopted under ORS 279A.065, determining that the goods or services, or class of goods or services are available from only one source.

**DESCRIPTION/JUSTIFICATION:** LTD's Service Planners utilize GIRO's Hastus software to create changes to service on LTD routes. In the Fall Bid of 2020, LTD will undertake the largest service redesign in decades. The planning, forecasting, modeling, and testing of the redesigned system will take a large effort on the part of the LTD Service Planning Team and will necessitate the use of upgraded software in order to effectively model such a large change in a short timeline.

Additionally, the current software does not include features that allow LTD to plan and optimize routes for electric buses. LTD will be providing service with a sub-fleet of electric buses in Fall 2019, and these buses have range limitations that need to be considered when planning service.

The Hastus software has not been upgraded since 2013. The current service agreement with GIRO is at an end. This means that the support and licensing costs are also significantly higher. Licensing fees increase 10% per year starting with the 3rd year after installation. LTD's version of Hastus is currently licensed at a rate of 40% a year, which will increase to 50% in FY20.

All of LTD's older servers are mandated to be upgraded to Microsoft Server 2016 by December 31, 2019 due to the current version being at end of life. If the current software is not upgraded to Hastus 2019, the District would need to pay GIRO to migrate the older version of Hastus to the new server. This fee would be non-recoverable and would dramatically increase the total cost. Additionally, the District would need to pay GIRO to re-write scheduling rules if the 2013 version is maintained, and this would be an extra sunk cost.

**CONTRACT/PROJECT HISTORY:** LTD first procured Hastus in September, 2000. For most of Hastus' product lifecycle, LTD upgraded the software every 1 – 2 years. This process stopped in 2013, and the product has not been upgraded since that date.

**PROCUREMENT IMPACT:** As defined in LTD's Procurement Policy, Section 8 – Procurement Methods (Other than Full and Open Competition), LTD may, without following the Competitive Procurement requirements and without competition, award contracts for goods or services if the General Manager and the Procurement Manager have determined, in writing, that the goods or services are only available from one source, *subject to the limits of*

*their delegated authority.* The contract value exceeds the authority of the General Manager, thus it must be forwarded to the Board of Directors for approval.

**POLICY IMPACT:**

1. Oregon Public Contracting Code (ORS 279A, 279B, and 279C), requires that the local contract review board must adopt written findings determining that the goods or services, or class of goods or services are available from only one source.
2. LTD's Procurement Policy requires that contracts exceeding \$149,999 must be presented to the Board of Directors for review and approval.

**ECONOMIC IMPACT:** This is a planned purchase. The cost of the upgrade has been programmed into LTD's FY 2019 budget and was previously approved in the FY 2019 Community Investment Plan. The total cost of the upgrade is \$184,891.

**FUNDING SOURCE:** General Fund

**REQUIRED REPORTING:** None, the District is only required to publicly advertise the sole source procurement method for at least seven (7) days and, provided there are no protests, the District may issue the contract.

**CONSIDERATIONS:** Based on the assessment and rationale the Board is being advised to take the following action: Recommend approval of the sole source procurement method and award of the software upgrade to GIRO, Inc.

**ALTERNATIVES:** The Board has the option of not approving this contract. If not approved, Service Planning will need to continue using out of date software. The licensing costs will continue to increase by 10% per year (becoming 50% in 2020). Additionally, LTD would need to pay GIRO, Inc. to migrate the older version of Hastus to the new Microsoft Server, and to re-write the scheduling rules in the outdated software.

**PROJECT CLOSEOUT TEAM:** The Director of Information Technology, in cooperation with the Procurement Department, would be responsible for closeout of the contract at the termination of services.

**SUPPORTING DOCUMENTATION:**

1. Findings of Fact for Contract No. 2019-49

**PROPOSED MOTION:** I move to forward contract no, 2019-49 and the Findings of Fact to the Board of Directors with a recommendation for approval.

## **PROPOSED FINDINGS OF FACT FOR AWARDING A CONTRACT FOR GOODS AND/OR SERVICES WITHOUT COMPETITION AND THROUGH A SOLE-SOURCE PROCUREMENT**

The Oregon Revised Statutes require that all contracts for goods and/or services be based upon competitive bids or proposals. An exception to this requirement is permitted when the goods or services are only available from one source. Sole-source procurements must be justified by "Findings" pursuant to Oregon law. The following are those "findings."

### The Services Required Are Available From Only One Source:

1. **Finding:** GIRO, Inc. ("GIRO") has provided service planning software ("Hastus") to LTD since 2000. GIRO is the sole maker of Hastus and retains all rights to the proprietary source code for Hastus. There are no other vendors with capability to build, upgrade, sell, or maintain the Hastus product.
2. **Finding:** LTD maintained the Hastus software in current condition with upgrades every 1 – 2 years from years 2000 – 2013.
3. **Finding:** LTD will be providing regular service with a sub-fleet of electric buses beginning in Fall, 2019. The current version of the Hastus software in use at LTD does not support route planning for the specific needs of electric buses.
4. **Finding:** LTD is planning a major service re-design to meet the needs of the Transit Tomorrow Board recommendations, with service set to begin in Fall 2020. In order to plan, model, forecast, and test the major service re-design, LTD's Service Planning department needs to utilize new rulesets and features of GIRO Hastus 2019.

### Conclusions of Law

The above "Findings" show that the sole-source procurement process to retain the services of GIRO for the purposes of upgrading the Hastus scheduling software aligns with the requirements of Oregon law for award of a contract for goods or services without competition, based upon ORS 279B.075(2)(a); "...the efficient utilization of existing goods requires acquiring compatible goods or services."



## AGENDA ITEM SUMMARY

<b>DATE OF MEETING:</b>	June 10, 2019
<b>ITEM TITLE:</b>	CONTRACT NO. 2019-51: THORP, PURDY, JEWETT, URNESS & WILKINSON, P.C.
<b>PREPARED BY:</b>	Collina Beard, Director of Business Services
<b>DIRECTOR:</b>	Aurora Jackson, General Manager
<b>ACTION REQUESTED:</b>	Forward to the Board of Directors with a recommendation of approval

***Please disclose any actual or potential conflict of interest.***

**PURPOSE:** To authorize the general manager to enter into contract with Thorp, Purdy, Jewett, Urness & Wilkinson, P.C. (Thorp Purdy) to provide legal representation to the District for general legal services related to labor law, labor negotiation, general employment law, civil rights, eminent domain, legislative drafting, risk management, system safety, environmental concerns, construction contracting and tort liability.

**ROLE OF THE BOARD:** The LTD Board of Directors is a Policy Board and the contract review Board. As such, and in accordance with LTD Resolution No. 2017-03-15-011, the Board must review and approve all contracts exceeding \$149,999.

**DESCRIPTION/JUSTIFICATION:** The District requires an attorney of record to provide general legal services for ongoing legal matters as well as additional matters that may arise.

**CONTRACT/PROJECT HISTORY:** Thorp Purdy has provided representation to the District on legal matters since 2011. Given that there are current and ongoing litigation issues, it is in the public interest to allow the current legal representation to continue to see those matters through to completion.

**PROCUREMENT IMPACT:** In accordance with LTD's Procurement Policy, a Personal Services contract may be awarded without competition if the contractor has unique or specialized knowledge or expertise required by LTD, and soliciting informal or formal proposals from others would not be in LTD's best interests. Additionally, the cost of transferring these matters to another firm would violate the public's interest in efficient use of public funds to resolve these matters. The presence of ongoing litigation would also trigger substantial duplication of costs in order for new counsel to review the existing files and understand the nature of ongoing disputes, likely resulting in delay of settling claims and possibly putting the District at risk of not meeting court dates. Thus, it is reasonable to conclude that the services provided by Thorp Purdy are only available from a single source for a reasonable cost.

**POLICY IMPACT:** Pursuant to ORS 279A.055 and 279A.065 (6), the LTD Board of Directors, as the LTD Contract Review Board, has designated attorney services as an allowable Personal Services contracts; and has adopted rules of procedure for selection of such Personal Services contracts, in lieu of the Oregon Model Rules for public contracting, set forth in the Oregon Administrative Rules (OAR) Chapter 137, Division 046 to 049.

**ECONOMIC IMPACT:** On average over the last three years, the District has expended approximately \$160,000 annually on attorney services. Staff projects that the total contract value will not exceed \$800,000 over the five-year contract term.

**FUNDING SOURCE:** General Fund

**REQUIRED REPORTING:** None

**CONSIDERATIONS:** Based on the assessment and rationale the Board is being advised to take the following action: authorize the general manager to enter into a contract for attorney services with Thorp, Purdy over a five (5) year contract term.

**ALTERNATIVES:** Solicit these services via competitive proposals. This would require extending the current contract until a new contractor could be procured. Without having a contract in place, the District will be without legal representation for the time it would take to obtain competitive proposals and the District risks delay of legal matters that are pending.

**PROJECT CLOSEOUT TEAM:** The general manager

**SUPPORTING DOCUMENTATION:** N/A

**PROPOSED MOTION:** I move to forward contract no. 2019-51 to the Board of Directors with a recommendation for approval.



## AGENDA ITEM SUMMARY

**DATE OF MEETING:** June 10, 2019

**ITEM TITLE:** CONTRACT NO. 2019-33: MARKETING & COMMUNICATIONS BENCH

**PREPARED BY:** Cosette Rees, Director of Customer and Specialized Services Cosette Rees,

**DIRECTOR:** Aurora Jackson, General Manager

**ACTION REQUESTED:** Forward to the Board of Directors with a recommendation of approval

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***Please disclose any actual or potential conflict of interest.***

**PURPOSE:** To authorize the general manager to enter into contracts for the purpose of establishing a “Bench” of resources to complement and support the marketing and communications of the District for three years, with two optional two-year extensions for a total contract duration of seven years.

**ROLE OF THE BOARD:** The LTD Board of Directors is a Policy Board and the contract review Board. As such, and in accordance with LTD Resolution No. 2017-03-15-011, the Board must review and approve all contracts exceeding \$149,999.

This contract will be limited to expenditures included in the annual budget approved by the Board. Additional expenditures not included in the annual budget would be brought to the Board in a contract amendment if needed.

**DESCRIPTION/JUSTIFICATION:** Lane Transit District is engaged in operations and projects throughout the metropolitan Eugene-Springfield area, as well as portions of rural Lane County. The role of marketing and communications is critical in the brand recognition of the District, and in interactions with the community and stakeholders. Consistent, clear and effective communication is at the core of the District achieving our goals, and facilitating information and understanding to achieve the broader community's goals.

Over the years, LTD's operations have been marked by considerable growth including expanded service, facilities, and equipment. LTD has an aggressive calendar of high-profile projects to communicate such as Transit Tomorrow and the new fare collection system; regular communications such as service changes, detours, decision-making; and District-wide marketing to position LTD within our community.

These initiatives each have vision, goals, and strategies requiring consistently high-quality marketing and communication campaigns. A well-rounded robust marketing and communications effort requires a variety of skills and specialists. A Bench of professional services will enable the organization to provide specialized services to complement in-house talent, and provide additional capacity as needed.

The Bench will enable LTD to draw the necessary skilled professionals to enhance the District's marketing effectiveness. Specialties available through the Bench vary by company, and include: meeting/event planning; graphic design; website development; digital and social media engagement; media strategy and training; copywriting; printing/copying; interpretation and translation services; and targeted outreach.

**CONTRACT/PROJECT HISTORY:** Historically, LTD has worked with an advertising agency of record. This was an on-going relationship with an advertising agency to support marketing and communications activities. As needed, LTD or the advertising agency would reach out to additional resources.

Marketing and communications has changed in recent years. Opportunities abound in a variety of media to communicate with and interact with the community; different agencies may be expert in one discipline, while another agency is stronger in another area.

In addition, staff believe having the flexibility and ability to increase the in-house team's capacity during particularly busy times will allow LTD to be responsive, timely, and professional in its communications with the community.

**PROCUREMENT IMPACT:** LTD procurement provided a full and comprehensive competitive process toward identification of vendors for these services. Selection included a review and scoring of proposals provided, and where there was unfamiliarity, an in-person interview. Companies who were selected to provide these services through a competitive process include:

- AdLib Advertising
- Bell & Funk
- Pac/West
- Revolution Design Group
- Turell Group

**ECONOMIC IMPACT:** LTD includes marketing and communication consulting services in the annual materials and supplies budget. In addition, most projects have some communication funds available. Staff will be mindful both in the budget-setting and resource allocation process to allocate sufficient resources to effectively market the projects and services of the District.

**FUNDING SOURCE:** Funding will vary; these activities will be completed using both general and grant funds. Additionally, LTD will look for opportunities to partner with the public and other agencies in communications.

**CONSIDERATIONS:** Given the considerations, staff recommends the Board adopt the resolution allowing LTD to enter into a "bench" contract for marketing and communication services with the agencies listed.

**ALTERNATIVES:** Alternatives available to the Board include:

- Accept the recommendation and enter into a contract with the companies listed for the provision of marketing and communication services; or
- Deny the recommendation and instruct staff to explore other solutions to the District's marketing and communications service needs.

**PROJECT CLOSEOUT TEAM:** Theresa Brand, Marketing and Outreach Manager, would be responsible for oversight of these services and of the contract.

**SUPPORTING DOCUMENTATION:** N/A

**PROPOSED MOTION:** I move to forward contract no.2019-33 to the Board of Directors with a recommendation for approval.



## AGENDA ITEM SUMMARY

<b>DATE OF MEETING:</b>	June 10, 2019
<b>ITEM TITLE:</b>	CONTRACT AMENDMENT NO. 2018-09: KUHN INVESTMENTS, INC., DBA RIVER CITIES TAXI
<b>PREPARED BY:</b>	Cosette Rees, Director of Customer & Specialized Services
<b>DIRECTOR:</b>	Cosette Rees, Director of Customer & Specialized Services
<b>ACTION REQUESTED:</b>	Forward to the Board of Directors with a recommendation of approval

***Please disclose any actual or potential conflict of interest.***

**PURPOSE:** To authorize the general manager to amend the contract with Kuhn Investments, Inc., dba River Cities Taxi for the provision of operations between Yachats and Florence through September 30, 2019.

**ROLE OF THE BOARD:** The LTD Board of Directors is a Policy Board and the contract review Board. As such, and in accordance with LTD Resolution No. 2017-03-15-011, the Board must review and approve all contracts exceeding \$149,999.

**DESCRIPTION/JUSTIFICATION:** LTD, in partnership with ODOT, launched a pilot service operating public transportation between Florence and Yachats. This was one of three existing gaps identified as a priority in the state, and the only public transportation gap along the Oregon coast.

**CONTRACT/PROJECT HISTORY:** LTD received a grant from ODOT to operate a one-year pilot of the service to explore how the service would be used, and to allow ODOT to determine if they wanted the service to continue. LTD's commitment was for the pilot only, which will conclude on June 30, 2019.

ODOT determined an interest in continuing to provide the service beyond the pilot period. LCOG has applied for operational funds through the Statewide Transportation Improvement Fund (STIF), established through HB2017. The application has been approved by the STIF Advisory Committee and by the LTD Board, and the funding plan application completed. The Plans will go to ODOT's Public Transportation Advisory Sub-committee in June 2019 for review, then the applications will be forward to OTC for review and approval.

At the April Board of Directors meeting, a member from LCOG attended the Board meeting and requested that LTD extend the contract with River Cities Taxi for this service to give them time to get their own contract in place.

LTD will exercise this contract only on condition that the District receives a grant from the state for full funding for the extension.

**PROCUREMENT IMPACT:** None.

**POLICY IMPACT:** LTD Resolution No. 2017-03-15-011 requires that the Board review and approve all contracts exceeding \$149,999, or that have a change order that increase the total contract by 10% or more over the original contract value.

**ECONOMIC IMPACT:** This amendment will increase the total contract by \$40,000, an amount requiring Board approval. This was included in the Materials and Services budget approved by the Board in May 2019.

**FUNDING SOURCE:** This contract would be exercised contingent on state funding to be providing by ODOT.

Contract Amendment No. 2018-09: Kuhn Investments, Inc., dba River Cities Taxi

**REQUIRED REPORTING:** LTD will complete the required reporting to ODOT, as required.

**CONSIDERATIONS:** Staff is recommending the Board approve adoption of the resolution allowing the General Manager of LTD, or her designee, to extend the contract to operate the Yachats/Florence service through September 30, contingent upon confirmation of state funds.

**ALTERNATIVES:** Alternatives available include:

- Approval to move forward with the resolution to extend the contract as recommended, providing continuous service while LCOG puts in place their own contract;
- Choose not to extend the service beyond June 30, 2019 which is the expiration of the current contract.

**SUPPORTING DOCUMENTATION:** N/A

**PROPOSED MOTION:** I move to forward amendment of contract no. 2018-09 to the Board of Directors with a recommendation for approval.



## AGENDA ITEM SUMMARY

<b>DATE OF MEETING:</b>	June 10, 2019
<b>ITEM TITLE:</b>	PROCUREMENT POLICY REVISION: INVENTORY AND DISPOSITION POLICY FOR PERSONAL PROPERTY
<b>PRESENTER:</b>	Collina Beard, Director of Business Services
<b>DIRECTOR:</b>	Aurora Jackson, General Manager
<b>ACTION REQUESTED:</b>	Forward to the Board of Directors with a recommendation of approval

**PURPOSE:** To establish a consistent and compliant program for the appropriate and efficient inventory and disposition of all Personal Property procured by the Lane Transit District ("LTD" or "District").

**ROLE OF THE BOARD:** The LTD Board of Directors is a Policy Board. This means that the Board's role in this instance is to make a policy change.

**HISTORY:** On June 18, 1985, Lane Transit District's Board of Directors adopted Ordinance 30 creating a local contract review board for Lane Transit District (LTD). This local contract review board is known as the LTD Contract Review Board ("LTD/CRB").

On June 22, 2017, the LTD Contract Review Board adopted the Oregon Model Rules, Division 46, 47, 48 and 49, adopted by the Attorney General under Oregon Revised Statute ("ORS") 279A, 279B, and 279C as they now exist, and as they may be amended in the future, as LTD's Public Contracting Rules.

Staff continues to assess the contracting needs of the District and to identify areas in which there may be opportunities for process improvement.

**CONSIDERATIONS:** District Staff seeks to establish a consistent and compliant program for the appropriate and efficient inventory and disposition of all Personal Property procured by the Lane Transit District ("LTD" or "District"). Both State and Federal requirements and best practices have been incorporated into this policy. This Policy covers both purchased and leased Personal Property; however it does **not** apply to the disposition of Real Property. For the purpose of this policy, the following definitions are applied:

- "Personal Property" means property other than Real Property. It may be tangible if it has a physical existence, or intangible, if it does not have a physical existence. "Personal Property" under this policy includes Equipment, Supplies, Capital Assets, Fixed Assets, and Project Property (as those terms are defined by FTA) and does not include Real Property.
- "Equipment" means an article of nonexpendable, tangible District-owned property (including information technology systems) meeting the following requirements: (a) has a useful life of more than one-year; and (b) per-unit acquisition cost of \$5,000.00 or more. "Equipment" includes rolling stock, computing devices, information technology systems, and all other such property used in the provision of public transit service.
- "Real Property" is land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings that, if removed, would deface the structure or integrity of the building, such as plumbing, heating fixtures, etc.

District Staff has purposely excluded the disposition of Real Property from this program as it is already fully covered by either federal or state regulation or statute. For Federally-funded projects, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as may be amended, shall be followed. For locally-funded projects, ORS Chapter 35 — Eminent Domain; Public Acquisition of Property as may be amended, shall be adhered.

**ALTERNATIVES:**

- (1) Deny adoption of the procurement policy revisions as presented and request additional updates or changes;
- (2) Deny adoption of the procurement policy revisions; this would maintain the current processes.

**NEXT STEPS:** No further action is required from the Board of Directors. If adopted, the policy revisions will take effect immediately.

**SUPPORTING DOCUMENTATION:**

- 1) LTD's Proposed Inventory & Disposition of Personal Property Policy and Procedure

**PROPOSED MOTION:** I move to forward the Procurement Policy revision: Inventory and Disposition of Personal Property to the Board of Directors with a recommendation for approval.

## LANE TRANSIT DISTRICT (LTD) INVENTORY AND DISPOSITION POLICY FOR PERSONAL PROPERTY

The purpose of this Policy is to establish a consistent and compliant program for the appropriate and efficient inventory and disposition of all Personal Property procured by the Lane Transit District (“LTD” or “District”). Both State and Federal requirements and best practices have been incorporated into this policy and must be followed, as appropriate. This Policy is administered by LTD’s Business Services Division.

This Policy covers both purchased and leased Personal Property. It does not apply to the disposition of Real Property.

1. **DEFINITIONS.** The following terms have the meanings set forth herein. Any term not defined herein shall have the definition set forth under the Federal Transit Administration (“FTA”) Circular 5010.E or Oregon Revised Statues (“ORS”) Ch. 267 and ORS Ch. 279A – 279C.
  - 1.1. **Equipment:** “Equipment” means an article of nonexpendable, tangible District-owned property (including information technology systems) meeting the following requirements: (a) has a useful life of more than one-year; and (b) per-unit acquisition cost of \$5,000.00 or more. “Equipment” includes rolling stock, computing devices, information technology systems, and all other such property used in the provision of public transit service.
  - 1.2. **Federal Interest:** “Federal Interest” means the dollar amount that is the product of: (1) the federal share of total project costs, and (2) the current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.
  - 1.3. **Fair Market Value:** “Fair market value” means the most probable price that property would bring in a competitive and open market.
  - 1.4. **Federally-Funded Personal Property:** “Federally-Funded Personal Property” means any Personal Property that was acquired with Federal assistance.
  - 1.5. **Locally-Funded Personal Property:** “Locally-Funded Personal Property” means any Personal Property that was acquired without Federal assistance.
  - 1.6. **Personal Property:** “Personal Property” means property other than Real Property. It may be tangible if it has a physical existence, or intangible, if it does not have a physical existence. “Personal Property” under this policy includes Equipment, Supplies, Capital Assets, Fixed Assets, and Project Property (as those terms are defined by FTA) and does not include Real Property.
  - 1.7. **Real Property:** “Real Property” is land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings that, if removed, would deface the structure or integrity of the building, such as plumbing, heating fixtures, etc.
  - 1.8. **Rolling Stock:** “Rolling Stock” describes Equipment that is used to transport passengers and includes buses, vans, cars, locomotives, trolley cars, ferryboats, light rails, streetcars, other rail vehicles and vehicles used for guideways and incline planes.
  - 1.9. **Supplies:** “Supplies” mean all tangible Personal Property, other than Equipment, with a unit value of less than \$5,000.

**1.10. Useful Life:** "Useful Life", for purposes of this policy, means the minimum acceptable period a capital asset purchased with FTA funds should be used in service. Capital assets purchased with FTA funds may frequently be used beyond their minimum useful lives, without being considered part of LTD's state of good repair backlog.

## **2. ASSET TAGS AND INVENTORY**

**2.1. Applicability.** Regardless of the source of funding, all new Equipment, Capital Assets, Fixed Assets, and Project Property (all Personal Property other than Supplies, including but not limited to computer equipment, printers, photocopiers, smartphones, tablets, laptops, cameras, maintenance equipment, and vehicle components) shall be tagged and inventoried upon receipt to LTD. Asset tagging shall be sufficiently permanent to survive in the event of theft or loss. Tagged assets shall be inventoried on existing inventory lists for tracking, periodic inventory reconciliation, and eventual disposition purposes.

**2.2. Responsibility.** Asset tagging and inventory listings shall be the responsibility of the LTD division initiating centralized orders for the Equipment, Capital Assets, Fixed Assets, or Project Property.

**2.3. Required Information.** Inventory records<sup>1</sup> shall include the following information:

- a) Asset Tag Number
- b) A description of the Asset
  - i. Manufacturers make and model,
  - ii. Year of manufacture,
  - iii. Fuel Type
- c) The identification number or serial number;
- d) The entity or individual that holds title to the asset;
- e) The source of funding (the FAIN number under which it was procured);
- f) ODOT Rail and Public Transit Division Vehicle Category (Attachment A)
- g) The acquisition date;
- h) The cost of the asset;
- i) The percentage of state/federal participation in the cost;
- j) The location;
- k) The use and condition
- l) The seating capacity
- m) The number of ADA stations;
- n) The in-service date;
- o) The useful life; and
- p) The disposition data, including the date of disposal and sale price, or, where applicable, method used to determine its fair market value.

**2.4. Updates.** Inventory listings shall be updated when any change in this information occurs.

**2.5. Reconciliation.** Physical inventory reconciliation shall be performed at least once every two years, with any differences investigated and the cause for the differences determined/documentated.

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<sup>1</sup> Reference FTA Circular 5010.1E, page IV-33n(1) Management of Federally Assisted Property

**2.6. Loss, Damage, or Theft.** Staff shall notify the Business Services Division immediately, or as soon as is reasonably possible, upon discovery that LTD-owned Personal Property is lost, damaged, or stolen. If the Personal Property is federally funded, the responsible Division Director, or designee, will investigate and document the loss, damage, or theft of such Personal Property and provide such documentation to Business Services.

### **3. Disposition of Federally-Funded Personal Property<sup>2</sup>**

**3.1. Generally.** The procedures related to the disposition of Federally-Funded Personal Property depend on whether the property has reached the end of its Useful Life.

**3.2. How to Determine Useful Life.** The Useful Life for some Personal Property is defined by FTA. Where the FTA has not defined a Useful Life, LTD must “make the case” to FTA in its grant application by identifying a Useful Life period for all Equipment, Capital Assets, Fixed Assets, and Project Property with an acquisition value greater than \$5,000, if the property is being procured with federal funds. LTD must identify the method used to determine an asset’s minimum Useful Life. Acceptable methods to determine Useful Life include but are not limited to:

- (a) Generally accepted accounting principles;
- (b) Independent evaluation;
- (c) Manufacturer’s estimated useful life;
- (d) Internal Revenue Service guidelines;
- (e) Industry standards;
- (f) LTD experience;
- (g) LTD’s independent auditor who needs to provide his or her concurrence that the Useful Life assigned to the property is reasonable for depreciation purposes; and
- (h) Proven useful life developed at a federal test facility.

**3.2.1. Rolling Stock.** FTA has determined the Useful Life for Rolling Stock based on the type of vehicle and size. For example, large, heavy-duty transit buses (approximately 35’ – 40’ or larger including articulated buses) have a Useful Life of at least 12 years of service, or an accumulation of at least 500,000 miles, whichever comes first. For Useful Life of other vehicles, see FTA Circular 5010.E, Ch. IV. For all Rolling Stock, the minimum Useful Life is calculated based on the date the vehicle is placed in revenue service and continues until it is removed from service.

### **3.3. Disposition of Federally-Funded Personal Property After End of Useful Life.**

**3.3.1. Personal Property with a Value of \$5,000 or More.** This Section 3.3.1 provides all options for disposal of Federally-Funded Personal Property with a per-unit, or aggregate, fair market value of more than \$5,000. Applicable property shall not be disposed of in any other manner, except in accordance with the requirements stated herein:

**3.3.1.1. Business Services Approval.** Business Services, in coordination with Finance, shall review, approve in advance, and coordinate any sales, disposals or transfers of Federally-Funded Personal Property

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<sup>2</sup> Reference: *Federal Transit Administration Circular 5010.1E, Chapter IV, rev. July 16, 2018*

which require FTA approval, reimbursement, and/or application of proceeds to other capital projects.<sup>3</sup>

**3.3.1.2. Disposal Options.** After the Useful Life of Federally-Funded Personal Property is reached, or the property is no longer needed for the original Award, Federally-Funded Personal Property with a current market value exceeding \$5,000 per unit, or with a total aggregate fair market value of more than \$5,000, may be:

- (a) Retained by LTD and used elsewhere; or
- (b) Sold; with repayment to FTA or use of proceeds for other FTA capital awards.

**3.3.2. Personal Property with a Value of less than \$5,000.** Federally-Funded Personal Property which has reached the end of its Useful Life and which has a fair market value of less than \$5,000.00 may be disposed of by the following means, and without FTA approval, providing the nature and justification for the disposition is recorded in the corresponding inventory record:

- (a) Retain and use for a different transit-related purpose within LTD;
- (b) Sell through auction or other competitive process (where anticipated proceeds reasonably exceed the costs for processing);\*
- (c) Recycled (for scrap or other re-purposing);\*
- (d) Donated to a non-profit organization (where there is still some monetary value, but only small after processing costs are deducted); or
- (e) Disposed of as waste (this should be considered the last alternative, and used only in cases where there is no value to the equipment and donation or recycling resources are not available).

*\*The best choice among these options shall be used after analyzing the overall loss and gain associated with disposal. A cost analysis shall be conducted, subtracting the anticipated costs for administrative, processing, and other disposal fees from the expected sale proceeds or the fair market value of the equipment.*

**3.4. Disposition of Federally-Funded Personal Property Before End of Useful Life.** This Section 3.4 provides all options for disposal of Federally-Funded Personal Property, regardless of value, before the end of its Useful Life. Applicable property shall not be disposed of in any other manner, except in accordance with the requirements stated herein:

**3.4.1. Business Services Approval.** Any disposition of Federally-Funded Personal Property before the end of its Useful Life requires prior FTA approval. Therefore, any disposition of Federally-Funded Personal Property before the end of its Useful Life requires review and approval in advance from Business Services.

**3.4.2. Disposal Options.** Federally-Funded Personal Property before the end of its Useful Life, and only with prior FTA approval, may be disposed of as follows:

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<sup>3</sup> FTA C 5010.1E, page IV-42

- (a) Rolling Stock that has not yet reached the end of its Useful Life may be transferred to another FTA recipient if LTD has acquired FTA approval and Board resolutions from both parties.<sup>4</sup>
- (b) Under certain circumstances, Federally-Funded Personal Property no longer needed, which has not reached the end of its Useful Life may also be transferred to another public agency, for non-public transportation use, with prior FTA approval.
- (c) With prior FTA approval, Equipment (e.g. vehicles) may be disposed of before the end of its minimum Useful Life and LTD may transfer the remaining federal interest to replacement Equipment of like kind.

**3.4.3. Casualty, Fire, Natural Disaster, and Misused Property.** LTD has obligations to the FTA in the event Federally-Funded Personal Property is damaged or destroyed before the end of its minimum Useful Life. In the event insurance proceeds are received due to the damage or destruction, LTD may have payment obligations to the FTA. In the event this Section 3.4.3 is applicable, see the requirements of FTA Circular 5010.1E, Ch. IV and coordinate with LTD's Business Services.

#### **4. Disposition of Locally-Funded Personal Property<sup>5</sup>**

- 4.1. Oregon Public Contracting Rules Apply.** The Oregon Public Contracting Code (ORS Ch. 279A – 279C) and Oregon Administrative Rules OAR Ch. 137, Division 046 – 049 apply to the “sale or other disposal” of Locally-Funded Personal Property. LTD may sell, transfer, or dispose of Locally-Funded Personal Property in accordance with the requirements, stated above, and as set forth in this Section 4.
- 4.2. Business Services Approval.** Any disposition of Locally-Funded Personal Property must be approved in advance by Business Services. The department seeking to dispose, transfer, or sell such property must make a determination that the proposed method of disposal: (a) complies with the requirements of the Oregon Public Contracting Code; and (b) is in the best interest of the District. Factors to consider in determining the method of disposal include, but are not limited to: costs of sale, administrative costs, processing fees, disposal fees, and public benefits to the District.
- 4.3. Transfer to Other Government Entities.** LTD may sell or transfer Locally-Funded Personal Property to another government entity, unless specifically prohibited by a particular State grant which funded the procurement of that property, and providing the property is used for public purpose or benefit and not for resale to a private purchaser. For any such transfer, the parties must enter into a written agreement to effect such transfer. The transfer must be approved in advance by Business Services and is subject to the delegated authority threshold established by the LTD Board of Directors.
- 4.4. Sale.** LTD may sell Locally-Funded Personal Property by auction, bids, liquidation sale, fixed price sale, trade-in or other competitive process. Proceeds from the sale must be used for public purpose or benefit.
- 4.5. Disposal as Waste or Other Means.** LTD may dispose of Locally-Funded Personal Property for which the costs of sale are likely to exceed sale proceeds. Such property

<sup>4</sup> FTA C 5010.1E, page IV-43 Transfer of Rolling Stock-Recipient to Recipient

<sup>5</sup> Reference: Oregon Revised Statutes, Sections ORS Ch. 267 and ORS Ch. 279A-279C

may be disposed of by recycling, donation, or designation as waste. District employees making such a disposal shall make a record of the estimated value of the item and the manner of disposal.

- 4.6. Restriction on Transfer to District Employees.** LTD employees shall not compete for the purchase of publicly sold Personal Property. Further, Oregon Government Ethics Law (ORS Ch. 244) prohibits employees from using their office to obtain financial gain for the employee, a relative, or a member of the employee's household. Receipt of surplus LTD Personal Property by an LTD employee, relative, or member of the employee's household violates ORS 244.040 and is prohibited.

## **5. Other Mandates**

- 5.1. Disposition of Vehicles.** LTD vehicles to be disposed of in any manner must also be properly documented as required by the State of Oregon Department of Motor Vehicles.<sup>6</sup>
- 5.2. Communication regarding Disposition.** LTD vehicles and asset-tagged Personal Property to be disposed of, removed from service, transferred in any manner, even if to long-term storage, must notify LTD's Risk Generalist, in advance of any such transfer, to perform a risk management review and adjust insurance coverage as appropriate.

## **6. Acquisition and Disposition of Real Property**

- 6.1. Federally Funded Projects.** For Federally-funded projects see Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as may be amended.
- 6.2. Locally Funded Projects.** For locally-funded projects see ORS Chapter 35 — Eminent Domain; Public Acquisition of Property as may be amended.

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<sup>6</sup> Where applicable, also reference ODOT Rail and Public Transit Capital Program's Process for Disposal, updated 6/2018, or as may be amended; see Management of Grant-Funded Capital Assets Plan (DOC-X-AST-002)