



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

Monday, September 09, 2019
4:00 p.m. – 5:00 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	
	IV. ITEMS FOR ACTION	
4:05 p.m.	A. APPROVAL OF MINUTES	2
	Action Needed: Approval	
	<i>Approve minutes from the August 12, 2019, meeting</i>	
	V. ITEMS FOR BOARD RECOMMENDATION	
4:10 p.m.	A. INTERGOVERNMENTAL AGREEMENT AMENDMENT # 2019-07: CITY OF COTTAGE GROVE [John Ahlen]	8
4:30 p.m.	VI. 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, August 12, 2019

Pursuant to notice given to *The Register-Guard* for publication on August 7, 2019, and distributed to persons on the mailing list of the District, the Finance Committee of the Lane Transit District held a meeting on Monday, August 12, 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 (via teleconference)
Aurora Jackson, General Manager
Mark Johnson, Assistant General Manager Service Delivery
Sean Walker, General Counsel
David Collier, Director of Human Resources
Collina Beard, Director of Business Services
Andrew Martin, Development Planner
Camille Gandolfi, Clerk of the Board

CALL TO ORDER/ROLL CALL — Mr. Yeh called the meeting to order and called the roll.

COMMENTS FROM THE CHAIR — None.

MOTION APPROVAL OF MEETING MINUTES — Mr. Skov moved to approve the minutes of the June 10, 2019, Finance Committee meeting as presented. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Skov, Secord, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

ITEMS FOR BOARD RECOMMENDATION

Mr. Skov asked if the order of contracts could be prioritized so those items that were straightforward and likely to require little discussion could be taken up first. He questioned the role of the Finance Committee on some of the items as it was difficult to determine if the committee was making a policy decision that would go to the full Board. He also asked if there was contextual information on the overall spending on some items that the committee should have in order to make a recommendation to the Board.

Mr. Yeh said he was amenable to taking items out of order.

Mr. Walker said three items on the agenda were being pulled as they were originally procured through sole source and were now going to be procured using a different method. Those items were Contract No. 2019-80: JLA Public Involvement, Inc.; Contract No. 2019-68: Wannamaker Consulting, Inc.; and Contract No. 2019-82: Securance Consulting, LLC.

Mr. Skov commented that at some point the Finance Committee should review how those contracts were being extended.

Contract No. 2018-72: Cascade Health Solutions — Mr. Collier stated that Cascade Health Solutions was the sole bidder to provide after-hours injury response and drug testing. He said staff researched available providers in the area and Cascade was the only entity able to provide the required services. He noted Cascade had been providing the service to LTD for several decades and their bid was for a five-year contract of \$39,060.

In response to a question from Mr. Skov, Ms. Beard confirmed that Cascade was the only respondent to a request for proposals (RFP). She noted that the amount of \$39,060 was for the entire five-year contract period.

Mr. Yeh asked how often Cascade's service were required. Mr. Collier said the Federal Transit Administration (FTA) required that 50 percent of LTD's 260 employees be tested annually, including those working swing and graveyard shifts.

Mr. Skov expressed concerns with Intergovernmental Agreement with the City of Eugene and contracts with Lamar Transit and Ridezero and the role of the Finance Committee. He said that he understood that what the full Board had received was an update and no decision or policy direction was made on the experimental mobility on demand project.

Ms. Jackson said the Board would be approving contracts to implement projects it had already approved and adopted in the budget. She said no items came before the Finance Committee or the Board that did not meet those criteria. She said mobility on demand was funded in the Capital Fund and approved in the Community Investment Plan (CIP) and State Transportation Improvement Fund (STIF) Plan. Once projects were approved by the Board, staff began actions to implement them, including developing contracts to operate projects.

Intergovernmental Agreement No. 2019-42: City of Eugene Downtown Mobility on Demand Project Partnership — Mr. Johnson said the intergovernmental agreement would establish a management structure and funding for the mobility on demand project. The agreement was coming before the Finance Committee and the Board because the amount was over \$150,000, although LTD was only providing \$100,000. The remaining funding was being provided by project partners.

Ms. Secord pointed out that the Board had expressed its concern with branding and noted the recent report from marketing consultants about the importance of LTD branding its services. She asked how the mobility on demand vehicles would be branded. Mr. Johnson said the example provided previously to the Board had been revised to display LTD more prominently, with partner logos off to the side.

Ms. Jackson said during a presentation on branding at the June 2019 Board meeting some Board members expressed concern that the mobility on demand vehicle did not appear consistent with other LTD vehicle branding. Staff had followed up with those members and assured them it was a one-year pilot brand and the EmGo vehicles had arrived prior to the consultant's report. She said when it was determined what direction the service would take, staff would develop branding consistent with LTD's new strategies. She said more focus was placed on the name and getting the service in operation quickly.

Mr. Yeh acknowledged the need for speedy implementation, but stressed the importance of adhering to the new branding strategy in the future. Ms. Jackson said that she agreed and said

staff was working on standard branding and a unified look for vehicles. She said EmGo was the most prominent graphic on the vehicle.

Mr. Skov said he was excited about the EmGo pilot project, but pointed out the Board had been hearing about "brand chaos" since a previous report was issued in 2015. He said that he regretted the lack of a strategic plan to guide work that incorporated insights from previous consultant reports, but did not feel the launch of EmGo should be postponed. He said he hoped to avoid similar situations in the future.

Ms. Jackson said she agreed that consistent branding had become a strong interest of the Board, although some projects were already in motion and funded. Those projects continued to move forward even though they did not align with new branding strategies at this time.

Ms. Secord asked when the EmGo vehicles would be rebranded. Ms. Jackson said vehicles could be rebranded in one month, six months or at the end of the pilot period. She said the key focus at this point was ridership and data collection in order to advise the Board on the future of the service before investing resources in rebranding.

Mr. Yeh observed that the Board was aware of LTD's branding issues and while it was not as strongly emphasized by previous Board, it was definitely of interest to the current Board. He said the EmGo vehicles did not look like other LTD vehicles associated with LTD and there was room for improvement. He said Finance Committee members were in agreement that should not occur again. In the future all projects should be consistent with the new branding strategy that would clearly identify services as being provided by LTD.

Mr. Skov asked that the full Board be informed about the Finance Committee's discussion and concerns about lack of alignment with a consistent branding strategy.

Ms. Secord said she would vote no simply because she was disappointed with the branding, although she was not entirely opposed to the pilot project.

Mr. Skov said he agreed that having a pilot project that would provide real data was important, but one of the transportation lessons learned, particularly regarding mobility as a service, was that people were not only attracted to physical options. In particular, those who were multi-modal were attracted by platforms and made decisions based on multiple options being available in a platform. Branding was consequential in how potential riders viewed LTD and its services under a broader umbrella.

MOTION Mr. Skov moved to forward Intergovernmental Agreement (IGA) No. 2019-41 to the Board of Directors with a recommendation for approval. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Skov, Yeh (2)
NAYS: Secord (1)
ABSTENTIONS: None
EXCUSED: None

Contract No. 2019-17: Lamar Transit, LLC — Ms. Beard said the contract with Lamar Transit was a revenue contract and was being presented to the Board because LTD's policy wording required any contract with a value of \$150,000 or greater to be approved by the Board without distinguishing between expenditure and revenue contracts. She said the contract was for selling of advertising on buses and included assistance with rebranding of the entire fleet to be

consistent with the communications analysis report. She said LTD would receive a minimum amount of \$400,000 in the first year of the contract and 60 percent of any amount Lamar received above that amount. The contract was for seven years and LTD would receive the annual guaranteed minimum amount at the beginning of each year, with reconciliation at the end of the year and payment of any amount above that guarantee.

Ms. Secord asked if the terms of the contract were standard for the industry as the percentages were lower than she expected. Ms. Jackson explained that advertising was based on what was termed "impressions." Impressions were how many people would see the advertising and how often. She said, for example, that in Los Angeles a full bus wrap could be sold for around \$1 million and changed every three weeks. The Eugene/Springfield market did not have that type of exposure. LTD's prime market was in the University area and there were not a lot of companies that advertised to students. She said in LTD's prior contract LTD only received 40 percent so the Lamar contract was more favorable to the District. It also reflected an increase in the minimum annual guarantee and required assistance with rebranding of vehicles, which was not in the previous contract. She said there was also a cancellation clause so LTD was not obligated for the entire seven-year period.

Mr. Skov said a seven-year contract seemed long, given the new initiatives that might be forthcoming with a strategic plan and emphasis on marketing and branding. He asked what flexibility LTD would have under the contract. Ms. Jackson said there was little competition in the area to provide the services and Lamar had been the vendor for more than ten years. She said the marketing consultant indicated that the previous contract was not favorable to LTD. In order to attract a larger advertising firm competition would have to be incentivized by offering a longer term contract, although LTD could use the cancellation clause if necessary. She said offering a seven-year contract did attract interest from more vendors, but ultimately only Lamar submitted a bid. She said LTD tested the market through that process and the Lamar contract was the best the local market would provide.

Ms. Beard said those potential vendors that did not submit bids were contacted and the two that were most interested indicated they did not feel they would be able to meet the minimum annual guarantee. She said the contract could be cancelled for convenience with a 120-day notice to allow Lamar time to ramp down its activities. The contract specified the condition in which Lamar had to leave the buses at the end of the contract.

Mr. Skov asked how more bidders could be attracted if offering a seven-year contract only resulted in one bid. Ms. Jackson said more competition could have been incentivized by terms that were less favorable to LTD, such as a lower minimum guarantee. Based on their evaluation of the fleet and market, the consultants had recommended increasing the minimum guarantee to \$400,000. She said she felt that all seven vendors at the pre-bid conference would have submitted bids if the minimum guarantee had been significantly lower, but that would not have been advantageous to the District. Ms. Beard added that having seven vendors express interest prompted Lamar to offer more favorable terms.

Mr. Yeh commended the staff for its due diligence that resulted in the best deal possible.

MOTION Mr. Skov moved to forward Contract No. 2019-17 to the Board of Directors with a recommendation for approval. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Secord, Skov, Yeh (3)
NAYS: None

ABSTENTIONS: None
EXCUSED: None

Contract No. 2019-78: Ridezero, LLC — Mr. Johnson said the vendor would provide operations for mobility on demand services in Eugene. He said the contract amount was over \$150,000, with LTD providing \$100,000 and the City of Eugene and Lane County providing \$75,000 each.

Ms. Beard stated the contract was sole source because it was a pilot project and the Board would be asked to adopt the findings of fact as well as authorizing the general manager to enter into the contract.

Mr. Skov shared his general concerns about sole source contracts, but the 12-month pilot project would be under considerable scrutiny and should move forward. He said he felt staff had done their homework.

MOTION Mr. Skov moved to forward Contract No. 2019-78 to the Board of Directors with a recommendation for approval. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Secord, Skov, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

Contract No. 2019-80: JLA Public Involvement, Inc. — This item was removed from the agenda.

Contract No. 2019-68: Wannamaker Consulting, Inc. — This item was removed from the agenda.

Contract No. 2019-12: Raymond Handling Concepts — Mr. Johnson said this contract was for the purchase of an accessible mobility on demand vehicle so that LTD's services were accessible to all.

In response to a question from Mr. Skov, Ms. Jackson said the vehicle purchase was authorized in the CIP and STIF Plan. It was also in the Capital Fund that was part of the operating budget approved by the Board in May 2019. She said this vehicle would have appeared in aggregate under paratransit vehicles in the CIP and specifically in the STIF Plan.

MOTION Mr. Skov moved to forward Contract No. 2019-12 to the Board of Directors with a recommendation for approval. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Secord, Skov, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

Contract No. 2019-82: Securance Consulting, LLC — This item was removed from the agenda.

Mr. Yeh asked if committee members felt the discussion of sole source contracting should occur with the full Board rather than at the committee level.

Mr. Skov said the JLA Public Involvement and Wannamaker Consulting contracts were extensions of pieces of much larger projects. The information before the committee was focused only on those pieces and there was no overall governance on the full expenditures under the contracts. He said he did not remember the Board having a discussion at the Board level about the total amount of funds that were spent on those large projects. He said, for example, that over \$2 million had been spent so far on MovingAhead. He said it was important to account for those dollars and was concerned with the lack of context.

Ms. Jackson said about two years ago the Board undertook establishing standard procurement processes and it might be time to revisit the subject. If the Board, at the policy level, was not comfortable with sole source procurement there should be a policy change and that should be a discussion by the full Board. She was responsible for directing staff and at this point they were following policies set forth for the Board. If the committee had recommendations for revising the current policies she would want to discuss that with the Board in order to appropriately guide staff. If the issue was a preference of committee members rather than a need to revise policies that could be addressed less formally through discussions with the committee.

Mr. Yeh suggested a work session so the full Board could understand the issues raised by the committee as it reviewed contracts.

Ms. Secord said she agreed with Mr. Yeh on the need for a better understanding of the use of sole source contracts and how to create a more competitive procurement environment. She said she had concerns about the additional funds being requested on some of the contracts and whether there could have been a full-time staff person to provide that service and build institutional knowledge instead of contracting it out.

Mr. Skov said he concurred with Mr. Yeh and Ms. Secord's remarks. He said he wanted some type of governance level check-in on expenditures under large contracts, including contract extensions.

Mr. Yeh suggested having an initial discussion on topics of concern at a future Finance Committee meeting as the Board had a large number of issues to address in the next few months. Mr. Skov and Ms. Secord agreed.

ADJOURNMENT

Mr. Yeh adjourned the meeting at 5:04 p.m.

Recorded by Lynn Taylor



AGENDA ITEM SUMMARY

DATE OF MEETING: September 9, 2019

ITEM TITLE: INTERGOVERNMENTAL AGREEMENT (IGA) AMENDMENT NO.2019-07: CITY OF COTTAGE GROVE

PREPARED BY: John Ahlen, Accessible Services Specialist

DIRECTOR: Cosette Rees, Director of Customer and Specialized Services

ACTION REQUESTED: 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 IGA with the City of Cottage Grove in the amount of \$175,000, and to extend the duration of the IGA through August 28, 2020.

CONTRACT TYPE: Intergovernmental Agreement Amendment

REASON FOR CONTRACT TYPE: Agreements with the City of Cottage Grove are intergovernmental.

DESCRIPTION/JUSTIFICATION: The Cottage Grove mobility on demand (MOD) pilot project is a transportation option that uses smart technology and special vehicles to provide a service that has no fixed schedules, no fixed-routes, and an infinite number of on-demand stops. Passengers share their ride and save money.

In response to peak demand, LTD temporarily authorized the City of Cottage Grove to test the addition of a second vehicle to meet anticipated service levels within reasonable wait times. Staff monitored this enhancement and confirmed there was a sustained demand, which justified the need for a second vehicle on an ongoing basis.

Another justification for extending the pilot is to allow LTD to test different service models and align the Cottage Grove MOD pilot with the timeline for the EmGo pilot project. Extending the pilot gives LTD further opportunities to test emerging technologies and collect additional data, which will inform the decision points that will be made if the pilot program is formally established.

CONTRACT/PROJECT HISTORY: The Cottage Grove Mobility on Demand pilot project was initiated on January 14, 2019, with a not-to-exceed contract maximum of \$146,760. The pilot program has a period of performance through February 1, 2020. This origin to destination, on-demand service is available within the Cottage Grove city limits. Fixed-route service changes in alignment with the pilot program became effective February 3, 2019. MOD fare is \$1, and all LTD fare instruments are accepted.

The program goals include:

- Proof of service model - to give LTD an opportunity to test an on-demand service model in an environment like Cottage Grove.
- Connect people to the community – LTD sought alternatives that served to remove transportation barriers and to connect residents to their community.
- Increase diversity – LTD is attempting to attract new ridership to public transportation.

As the pilot program began service, it became apparent for the need to deploy an additional vehicle to support peak service times, at 10:00 a.m. and 3:00 p.m. The program provider was asked to provide a quote to support the additional service for the remainder of the pilot program period, which is estimated at \$49,350.

The additional contract amendment puts the total contract value at \$187,110, which requires Board approval.

PROCUREMENT IMPACT: N/A

POLICY IMPACT: In accordance with LTD Resolution No. 2017-03-15-011, the Board must review and approve all contracts exceeding \$149,999, and all individual or cumulative contract amendments and change orders that exceed the lesser of \$150,000 or ten-percent (10%) of the initial contract value.

ECONOMIC IMPACT: The funds necessary to sustain a second vehicle during peak service hours and extend the length of the Cottage Grove MOD pilot project are within the current approved budget.

FUNDING SOURCE: The Cottage Grove MOD pilot project is funded as part of the Oregon STIF program.

REQUIRED REPORTING: LTD will follow required reporting procedures, which will include reporting project outcomes to the Board.

CONSIDERATIONS: The Board is being advised to take the following action: approve an amendment to IGA 2019-07, authorizing an additional \$175,000 to support an additional needed vehicle during peak service hours, and extend the duration of the pilot program through August 28, 2020.

ALTERNATIVES:

- 1) End the pilot program as originally scheduled on February 1, 2020
- 2) Reduce Cottage Grove MOD service levels

PROJECT CLOSEOUT TEAM: The Customer and Specialized Services team is responsible for project closeout upon completion.

SUPPORTING DOCUMENTATION: N/A

PROPOSED MOTION: I move to forward the amended IGA 2019-07 to the Board of Directors with a recommendation for approval.