



Public notice was given to *The Register-Guard* for publication on April 9, 2013.

LANE TRANSIT DISTRICT BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

April 11, 2013
4:00 p.m. – 5:30 p.m.

LTD Conference Room A
3500 East 17th Avenue, Eugene (in Glenwood)

AGENDA

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I. CALL TO ORDER (Mike Dubick)	
II. ROLL CALL (Mike Dubick)	
Dubick _____ Necker _____ Yeh _____	
III. APPROVAL OF MEETING MINUTES	
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IV. REVISED LONG-RANGE FINANCIAL PLAN	5
V. NEXT MEETING	
VI. ADJOURN	

The facility used for this meeting is wheelchair accessible. If you require any special physical or language accommodations, including alternative formats of printed materials, please contact LTD's Administration office as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please call 541-682-6100 (voice) or 7-1-1 (TTY, through Oregon Relay, for persons with hearing impairments).

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

December 19, 2012

Pursuant to notice given to *The Register-Guard* for publication on December 16, 2012, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Finance Committee was held on December 19, 2012, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Mike Dubick, Dean Kortge

ADSENT - Ed Necker

CALL TO ORDER – Mr. Dubick, chair of the committee, called the meeting to order at 4:00 p.m.

ROLL CALL – All committee members were present except for Mr. Necker. The following LTD staff also was present: Ron Kilcoyne, Diane Hellekson, Carol James, Todd Lipkin, Mary Adams, and Chris Thrasher. Chuck Swank from Grove, Mueller & Swank as well as Bob Macherione, 1994 Brewer, Eugene, were also in attendance.

MINUTES – Minutes from the November 12, 2012, meeting of the Board Finance Committee were approved by unanimous vote.

ACCESSIBLE SERVICES – Mr. Lipkin, finance manager, gave an update on the Accessible Services Discretionary Grant Program. Applications are being reviewed and recommendations will be made to the LTD Board on January 16, 2013.

In response to a question from Mr. Kortge, Mr. Lipkin stated that this money is not tied into the Medicaid money. In the past, some of the money was used as match for the non-medical Medicaid transportation but that was not a project on the list this time.

RESERVE POLICY – Mr. Kilcoyne, general manager, stated that he discussed the topic of reserves with the Kitchen Cabinet advisory group he meets with periodically. The group of local business leaders recommended having a rationale, being transparent, and covering expenses for a fixed period of time (3-6 months). A couple of members argued that a service industry should not have any reserves. No one recommended having a high reserve. The group did not recommend cutting service to increase reserves.

Mr. Kortge asked Mr. Swank, LTD's external auditor, if public agencies typically have reserves. Mr. Swank has only seen reserves budgeted in school districts. Agencies such as LTD with a more stable revenue source and the ability to budget that revenue source with fairly reasonable accuracy generally do not have reserves. He had not seen reserves budgeted in special districts or agencies.

Mr. Kilcoyne stated that the transit agency where he previously worked required spending down all revenue before the state would give any money. The state made up the difference of the budget (up to a certain amount) to cover capital needs.

In response to a question from Mr. Dubick, Mr. Lipkin stated that a situation where you might need reserves is for the fluctuation in fuel costs. Mr. Kortge noted that fuel is the most volatile and a necessity. Mr. Kilcoyne added that when fuel prices increase, ridership and the demand for service increases.

Mr. Swank recommended differentiating between “reserve” and “contingency.” “Reserve” focuses on having a balance at the end of the year, and “contingency” usually is part of your working budget.

Mr. Kortge believed that there is a need to refine the categories (e.g., fuel, insurance, other operating costs).

Ms. Hellekson, director of finance and information technology, noted that service changes take time, typically three to six months.

LONG-RANGE FINANCIAL PLAN ASSUMPTIONS – Ms. Hellekson distributed copies of a revised Long-Range Financial Plan (LRFP) and draft LRFP Assumptions. The preliminary assumptions assume a status quo with no new service. She noted that the ending working capital did not go below \$3 million in any of the eight years.

Mr. Lipkin stated that the LRFP assumes a continuation of the last few years, with a 4 percent payroll tax increase in Year 1 and 5 percent increases each year thereafter. We are on track to hit or exceed budget this year. Mr. Lipkin gave an overview of the assumptions.

In response to a question from Mr. Kortge, Ms. Hellekson stated that we have to have a finding of economic recovery before we can increase the payroll tax rate beyond 0.7 percent.

Mr. Lipkin stated that an additional \$1.2 million to \$2 million could be available for the budget if Business Energy Tax Credits are sold. LTD has hired an agent to try to find buyers for the tax credits.

Mr. Kortge was concerned that a 2 percent growth in wages over the years was too conservative. Ms. Hellekson stated that the 2 percent did not include benefits.

In response to a question from Mr. Kortge, Mr. Lipkin stated that there was no increase in the HRA/VEBA account because it is a fixed contribution and assumes no FTE increases.

Mr. Kortge also asked about the 42 percent Transfer to Accessible Services in Year 1 but only 10 percent increases each year thereafter. Mr. Lipkin stated that a larger number in Year 1 was budgeted to ensure that if all the grants were to get reduced significantly, we had room to fund what needed to be funded. Ms. Hellekson stated that state legislators have told us not to expect any funding for accessible services out of the next session.

Ms. James, chief accountant/internal auditor, stated that we are looking at costs related to accessible services in terms of what is the actual “least cost mile.” Mr. Lipkin stated that we have already started to give ADA rides to taxi drivers. A single person in a taxi is cheaper than a single person in a RideSource vehicle. Also, staff is currently working on development of a new software tool for the brokerage, which will enable better data analysis to help achieve the least cost/most appropriate ride.

Looking ahead to next steps, Ms. Hellekson stated that staff has done a good job managing to the \$3 million in reserves as well as managing personnel services to tax receipts.

The committee believed the current Reserve Policy was good but suggested adding “fuel” as a category.

AUDIT QUESTION AND ANSWER OPPORTUNITY – Mr. Swank was in attendance to answer questions the committee might have regarding the recent external audit. Mr. Kortge asked for an explanation of the Management Letter. Mr. Swank stated that LTD is at Level 3 (comments to management with suggested improvements), which is the best of three levels.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 5:00 p.m.

(Recorded and transcribed by Chris Thrasher, Lane Transit District)

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FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: April 11, 2013

ITEM TITLE: REVISED LONG-RANGE FINANCIAL PLAN

PREPARED BY: Diane Hellekson, Director of Finance and Information Technology

ACTION REQUESTED: None. Information only.

BACKGROUND:

In December, the Finance Committee reviewed the assumptions for revising Lane Transit District's Long-Range Financial Plan (LRFP) and provided staff direction for proceeding with the revised Capital Improvements Program (CIP). At the April 11 meeting, staff will present the proposed final assumptions for committee member comment. Due to staff absences and schedules, it was not possible to include the proposed revised plan with this document. Materials will be provided at the beginning of the April 11 meeting. If Finance Committee members are satisfied with the plan assumptions after discussion, the first year of the ten-year rolling plan will become the template for the FY 2013-14 proposed budget that will be presented to the Budget Committee on May 15.

ATTACHMENT: None

PROPOSED MOTION: None

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