



Public notice was given to *The Register-Guard* for publication on December 16, 2012.

LANE TRANSIT DISTRICT BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

December 19, 2012
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 _____ Kortge _____ Necker _____	
III. APPROVAL OF MEETING MINUTES	
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IV. REVISED LONG-RANGE FINANCIAL PLAN ASSUMPTIONS	5
V. AUDIT QUESTION AND ANSWER OPPORTUNITY	5
VI. NEXT MEETING	
VII. ADJOURN	

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MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

November 12, 2012

Pursuant to notice given to *The Register-Guard* for publication on November 11, 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 November 12, 2012, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Mike Dubick, Dean Kortge, 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 in attendance. The following LTD staff also was present: Diane Hellekson, Andy Vobora, Carol James, and Chris Thrasher.

MINUTES – Minutes from the March 5, 2012, meeting of the Board Finance Committee were approved by unanimous vote.

FARE INCREASE ANALYSIS – Mr. Vobora, director of community services and planning, stated that last year cash fares, fare types associated with cash fares, and group pass rates were increased. Under the rotation strategy, the District is scheduled to evaluate an increase in monthly and three-month pass prices for 2013. Pass prices were last increased in 2010 when the adult pass price was increased from \$45 to \$48, or approximately 6.7 percent.

Staff is currently in the budget process with the ASUO for the 2013-14 school year. The proposed group pass rate is \$16.89 per quarter per person, which is an increase of approximately 5.8 percent. The UO also may be interested in allowing placement of a validation sticker on ID cards, which would give them a count as to the number of students who use the bus. Although the stickers are a minimal cost to LTD, there would be an increased administrative cost for the UO.

The 10-Ride Ticket Books, which were introduced in October under a one-year pilot program, have been very popular.

Staff did not see the need to increase monthly pass prices for 2013 but suggested evaluating an increase to group pass rates for January 1, 2014. By policy the Board may choose to increase group pass rates annually by the three-year rolling average of District cost increases. The three-year rolling average of cost increases is 5.8 percent this year and 5.7 percent next year.

The committee agreed with staff's recommendation. Staff would do outreach with current group pass organizations to get feedback.

RESERVE POLICY – Ms. Hellekson, director of finance and information technology, stated that last year's Budget Committee was concerned about the reserve policy.

Reserves can be defined and established in a number of different ways:

- Fixed targets for specified purposes, such as the current LTD reserve policy, can be itemized.
- Amount can be a percentage of operating costs (or a range, as in the previous LTD reserve policy).
- The funds can be set aside or available in the form of a previously approved line of credit.

The vast majority of public agencies do not have a reserve policy.

LTD's current reserve policy shall never be less than \$2,500,000 and is allocated as follows:

- Self-insurance/risk \$1,000,000
- General Fund contingency \$1,000,000
- Working capital Remaining balance

Ms. Hellekson noted that the Long-Range Financial Plan, included with the agenda packet, shows a proposal to spend down reserves.

She asked committee members to consider the following as a starting point for discussion:

- An unrestricted reserve appropriation in the General Fund equal to 25 percent of annual operating expenditures. The policy can suggest allowable uses for reserves but permit the Board to approve other purposes as part of a supplemental budget process. This suggested policy is similar to the existing reserve policy except that it increases the target reserve balance from a fixed amount to a percentage.
- Adding a line of credit requirement to the reserve policy in an amount not to exceed 25 percent of annual operating expenditures. Specify under what circumstances the line of credit could/should be accessed and by whose authority.

A summary of discussion included the following:

- Modest restrictions are better than having restricted reserves.
- Reserve enough to get to the first payroll tax disbursement.
- Set aside enough money for insurance for a catastrophic event.
- Set aside enough money to cover two and a half payrolls.
- Determine optimal level of service.
- Determine long-term level of sustainable service.
- Determine what it would cost to operate basic service for one year.
- Build reserves before adding service.
- Consider a cap on reserves.

Mr. Vobora suggested, and the committee agreed, that General Manager Ron Kilcoyne could discuss the topic of reserves with his "Kitchen Cabinet" group.

Ms. Hellekson stated that the Budget Committee, in wanting more steps, asked that the Board establish empirical data that would show economic recovery. Ms. Hellekson suggested that the Board Finance Committee start that discussion at a later meeting.

NEXT MEETING – A follow-up meeting was scheduled for December 19 to review draft changes to the reserve policy and Long-Range Financial Plan assumptions. The committee would also have an opportunity to meet with the external auditors.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 4:58 p.m.

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

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FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: December 19, 2012

ITEM TITLE: REVISED LONG-RANGE FINANCIAL PLAN ASSUMPTIONS

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

ACTION REQUESTED: None. Information only.

BACKGROUND:

At the Finance Committee meeting held on November 12, 2012, Board members began a discussion of the possible revision of the District's financial reserve policy. In order to continue that discussion, it is necessary to know what Lane Transit District's reserve position might be, given a set of reasonable assumptions about revenues and expenditures over the next eight to ten years. Staff will provide materials at the December 19 meeting.

Chuck Swank of Grove Mueller & Swank, Lane Transit District's independent audit firm, will attend the Committee meeting. If time permits, Committee members will have an opportunity to ask questions about the audit of LTD's FY 2011-12, which ended on June 30, 2012. The full Board will hear a presentation from Mr. Swank at the December 19 regular Board meeting and will also have an opportunity to comment or ask questions.

ATTACHMENT: None

PROPOSED MOTION: None

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