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Public notice was given to *The Register-Guard* for publication on March 5, 2006.

LANE TRANSIT DISTRICT
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING

March 7, 2006
7:30 – 9:00 a.m.

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

AGENDA

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I.	CALL TO ORDER (Dean Kortge)	
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Alternative formats of printed material (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, please call 682-6100 (voice) or 1-800-735-2900 (TTY, for persons with hearing impairments).

FINANCE COMMITTEE
AGENDA ITEM SUMMARY

DATE OF MEETING: March 7, 2006

ITEM TITLE: Capital Improvements Program (CIP)

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

ACTION REQUESTED: Provide direction to staff. Prioritize plan options. Forward revised CIP to Board for discussion and approval.

BACKGROUND: After working through several drafts of the revised Capital Improvements Program with direction from the full Board in December and at various times from the Finance Committee, staff have prepared two versions for current consideration. The versions differ in only one way. Otherwise, they both include the following components, which have been previously discussed:

- Holding the Pioneer Parkway EmX corridor budget to $38 million, including vehicles.
- Deferring a third EmX corridor implementation until Year 9 of the plan.
- Moving the Pioneer Parkway corridor implementation up one year. (This possibility was discussed with the full Board at the February 15 meeting. The likelihood of implementation actually advancing a year early will be discussed at the Finance Committee meeting.)

The difference between the two plan versions is that one assumes that five vehicles will be purchased for Franklin EmX service and four for Pioneer Parkway EmX service, and the other assumes that six vehicles will be purchased for the Franklin corridor and three for the Pioneer Parkway. In other words, the timing of the vehicle purchase varies, but not the total number of vehicles required.

Both versions of the plan require debt financing, and each has two debt options. The first option is to avoid debt to the greatest extent possible and borrow only as much as needed when it is needed, an approach that committee members have favored in the past. This information is included for comparison purposes only, because, with the acceleration of the Pioneer Parkway corridor, it no longer makes sense to incur debt in small increments. The second is more aggressive and shows more total debt earlier in the plan, which improves liquidity and allows for both the acceleration of the Pioneer Parkway corridor and the change in the timing of EmX vehicle acquisition. Staff will explain these differences when the CIP agenda item is discussed.

RESULTS OF RECOMMENDED ACTION: Staff will revise the CIP in accordance with direction provided, if changes are recommended. One or two versions of the revised CIP (depending on Committee direction provided) will go to the full Board for discussion and approval/amendment at the March 15, 2006, Board meeting.

ATTACHMENTS: Capital Improvements Program, Draft 3-7-06, Version A
Capital Improvements Program, Draft 3-7-06, Version B

FINANCE COMMITTEE
AGENDA ITEM SUMMARY

DATE OF MEETING: March 7, 2006

ITEM TITLE: Long-Range Financial Plan (LRFP)

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

ACTION REQUESTED: Provide direction to the refinement of the revised plan assumptions.

BACKGROUND: At the February 7, 2006, committee meeting, the group reviewed a new draft of the eight-year plan based on discussions held during the December full Board work session and direction provided at the January 12 Finance Committee meeting. At the February 15 regular Board meeting, the possibility of accelerating the Pioneer Parkway EmX corridor by one year was discussed. Although the probability of successfully navigating the New Starts grant funding requirements a year early is somewhat low, staff believe that both the Long-Range Financial Plan (LRFP) and Capital Improvements Program (CIP) should indicate how the accelerated corridor would be financed. It is easier to push a project into the future than it is to bring it forward once the CIP and LRFP have been approved.

An additional consideration that subsequently arose, which has been discussed by the Service Planning and Marketing Committee of the Board, is the possible need to acquire a sixth EmX vehicle to assure ten-minute frequency on the Franklin corridor. In order to consider the financial and planning requirements of moving one vehicle from the Pioneer Parkway project to the Franklin corridor, two versions of the draft LRFP have been prepared. Version A assumes five vehicles for the Franklin corridor and four vehicles for the Pioneer Parkway corridor. Version B assumes six for Franklin and three for Pioneer Parkway.

All of the other assumptions in the two versions remain the same as in the last materials that were presented to the committee on February 7:

- Payroll tax receipts will grow at 8 percent in FY 2005-06, 7 percent in FY 2006-07, and 5 percent per year thereafter.
- Both the ATU and administrative employee retirement plans will assume a twenty-year amortization period for full funding and

7.5 percent rate of return. This assumption results in an additional expense of $255,000 beginning in FY 2006-07.

- Otherwise, personnel services expenses will grow at 5 percent per year.
- *Accessible Services programs will continue to be funded at levels required to meet demand, whether the services are required by ADA or not.* (This assumption has not previously been discussed.)
- Fixed-route service will require a 1 percent inflation factor after FY 2006-07, except in years where additional service is added, as for the Pioneer Parkway corridor.
- Planning for the third EmX corridor will continue, but implementation will occur outside the eight-year planning window.

RESULTS OF RECOMMENDED ACTION: Staff will revise the LRFP in accordance with direction provided. The FY 2006-07 plan will go to the full Board for discussion and approval/amendment at the regular April Board meeting. (The additional time will be used to refine EmX vehicle issues and Pioneer Parkway questions.)

ATTACHMENTS: Long-Range Financial Plan, Draft 3-7-06, Version A
Long-Range Financial Plan, Draft 3-7-06, Version B
Personnel Services Assumptions

Q:\Reference\Board Packet\2006\03\Finance Comm 3-7-06\07 lrfp 3-7-06 draft.doc

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Budget committee information

Fax Agenda only
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CITY OF EUGENE 682-5894

GROUP PASS PROGRAM

OBJECTIVES

A Group Pass Program is one in which the cost of transit fares is shared by a group. All persons within the group receive the transit benefit whether or not they actually use the service. The employer enters into **a contract** for services with LTD. In this way, the cost per person for the service is significantly reduced, and ridership within the group can be expected to increase significantly.

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Group pass programs attempt to:

1. **Increase ridership and ridership productivity (rides per service hour) by encouraging transit and other mode use as an alternative to drive-alone automobile use and to provide convenient, effective, and efficient public transportation services to all group pass participants;**
2. **Reduce parking demand, traffic congestion, and auto emissions problems in the community;**
3. Maintain or increase **LTD's** farebox to operating cost ratio; and
4. Decrease **LTD's** cost per trip.

Deleted: **Increase ridership and ridership productivity (rides per service hour) by encouraging transit and other mode use as an alternative to drive-along automobile use and to provide convenient, effective, and efficient public transportation services to all group pass participants**

Deleted: LTD's

The establishment of these programs is based on the premise that increased use of transit, as a replacement to the single-occupancy vehicle, is a goal established by our community because it will provide numerous benefits. In order to meet that goal, LTD should aggressively pursue fiscally responsible programs that increase use of the bus, particularly in areas with traffic congestion, parking or air quality problems, or where there is a transportation need that can be effectively addressed with public transit.

APPLICATION

The following guidelines apply to all group pass programs established by the District.

PROGRAM GUIDELINES

Qualifying Organizations

The District will consider any organization, public or private, for a group pass program if it:

1. Consists of employees, students, or residents of a multi-unit residential facility who have an ongoing transit need that requires them to make multiple trips each week to and from a specific destination. Lane Transit District reserves the right to determine whether the transit-related needs of an organization qualify it to participate in the Group Pass Program.
2. Includes at least 10 individuals.

Deleted: Consists of employees, students, or residents who have an on-going transit need and who make regular transit trips to and from a central location. ¶

3. Is financially capable and legally empowered to enter into a contract with LTD and meet the financial obligations dictated by that contract. The group pass program will apply to all members in the organization.
4. LTD will consider qualifying organizations on a first-come/first-served basis, only if LTD has the service and equipment capacity to serve that organization.

Pricing

Revenue from organizations that participate in the group pass programs will be computed according to whether or not an organization contributes to the LTD payroll tax and to group size. All organizations participating in the group pass program will provide revenue that meets the following two criteria:

1. A base rate per employee per month will be levied on individuals within the organization. The base rate will be increased annually, not to exceed, the three-year rolling average of LTD cost increases. The base rates are:

Taxpayers	$3.00 per employee per month
Non Taxpayers	$3.50 per employee per month

   Rates effective January 1, 2002. Current rates are available in annual pricing plan.

2. The cost of additional service that is instituted by the District to directly respond to increased ridership resulting from the group pass program.

3. Participating Group Pass organizations shall not, in any manner or form, charge their employees, students or residents a fee for a Group Pass which is greater than the fee paid by the organization to Lane Transit District for the Group Pass without the express written consent of Lane Transit District.

Term of the Contract

Contracts will normally be for a one-year period, with annual renewals. Yearly evaluation, at a level appropriate for the size of the organization, is to be conducted of each group pass program prior to renewing the contract to determine if the pricing criteria are still being satisfied. **The District reserves the right to terminate group pass contracts within the contract period.**

Whenever possible, the District will seek to have the group pass programs institutionalized in order to reduce the possibility of programs becoming discontinued from one year to the next. This is obviously of greatest concern with the larger group pass programs, which require significant capital and operational investment and expenditures.

Operational Issues

Group pass participants are to have photo identification that is easily verified by the bus driver. The photo identification may be either the organization's, in which case it must have an LTD validating sticker, or issued by the District. In either case, the cost of issuing the photo identification will be borne by the organization. Participating organizations will be responsible for administering the program within their organizations.

Marketing

The District will provide trip planning assistance for the individuals of a group pass organization. Marketing of the service to individuals of a group pass organization will be conducted where it is determined to have a significant impact on ridership.

Maintenance

The Director of Marketing and Communications is responsible for monitoring and making recommendations for modifications to this program.

Legal Notice

Date: May 11, 2020

To: Michelle Bickell, Legal Publications
The Register-Guard; Fax: 687-6677

From: Chris Thrasher, Administrative Secretary
Lane Transit District; Phone: 682-6200

RE: Notice of Board Committee Meeting
LTD Purchase Order #A-04856

Please publish the following legal publication on Sunday, March 5, 2006.

NOTICE OF LTD BOARD COMMITTEE MEETING

A meeting of the Finance Committee of the Board of Directors of Lane Transit District will be held on Tuesday, March 7, 2006, at 7:30 a.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene (in Glenwood). Items for discussion include Capital Improvements Program, Long-Range Financial Plan assumptions, and group pass program change.

Alternative formats of printed materials (Braille, cassette tapes, or large print) are available upon request. A sign language interpreter will be made available with 48 hours' notice. The facility used for this meeting is wheelchair accessible. For more information, call 682-6100 (voice) or 1-800-735-2900 (TTY, through Oregon Relay, for persons with hearing impairments).

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MINUTES OF FINANCE COMMITTEE MEETING

LANE TRANSIT DISTRICT BOARD OF DIRECTORS

March 7, 2006

Pursuant to notice given to *The Register-Guard* for publication on March 5, 2006, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 7:30 a.m. on March 7, 2006, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Debbie Davis, David Gant, Dean Kortge

CALL TO ORDER – Mr. Kortge called the meeting to order at 7:34 a.m.

ROLL CALL – It was noted that all members of the committee were present. The following LTD staff also attended: Diane Hellekson, Mark Pangborn, Carol James, Todd Lipkin, Stefano Viggiano, and Charlie Simmons.

MINUTES – Mr. Gant moved, seconded by Ms. Davis, for approval of the minutes of the February 7, 2006, Finance Committee meeting. Motion passed unanimously.

GROUP PASS PROGRAM POLICY – Ms. Hellekson, director of finance and information technology, speaking in Andy Vobora's absence, stated that a new group pass program participant, a not-for-profit entity registered with the State of Oregon, has taken advantage of the program's low pricing and is soliciting membership by offering discounted LTD passes. The intent of the group pass program is to offer passes to an identified group in an effort to create greater transit ridership while maintaining a revenue neutral position. The group pass pricing strategy maintains revenue neutrality for the District when the group size is known and somewhat static. This pricing strategy breaks down quickly when the group size is largely unknown and growing almost daily. New language for the Group Pass Policy was proposed to tighten the criteria under which groups qualify for participation. Once the policy changes are approved by the full Board, the contract with the organization will be cancelled.

> *The committee approved the changes to the Group Pass Policy and will forward the recommendation to the full Board for action on March 15, 2006.*

CAPITAL IMPROVEMENTS PROGRAM (CIP) – Ms. Hellekson stated that two versions of the CIP were included in the agenda packet. Both versions included the following components, which had been previously discussed:

- Holding the Pioneer Parkway EmX corridor budget to $38 million, including vehicles.
- Deferring a third EmX corridor implementation until Year 9 of the plan.
- Moving the Pioneer Parkway EmX corridor implementation up one year, as discussed at the full Board meeting on February 15.

Ms. James, accounting manager, stated that the difference between the two plan versions is that Version A assumes that five vehicles will be purchased for Franklin EmX service and four for Pioneer Parkway EmX service, and Version B assumes that six vehicles will be purchased for the Franklin corridor and three for the Pioneer Parkway corridor. The timing of the vehicle purchase varies but not the total number of vehicles required. She noted that Version B uses more formula funding.

Ms. James explained the color coding in the plans:

- Dark yellow – projects that were new or changed from last year's CIP
- Green – projects that are not yet funded
- Flesh – reductions in projects from last year's CIP
- Bright pink – percentage of New Starts match that we do not have; these amounts could be funded by ConnectOregon funding if approved
- Red – indicates deficits in formula funding
- Purple – represents bond proceeds

In response to a question from Mr. Gant, General Manager Mark Pangborn, stated that quite a few applications for ConnectOregon funding were submitted, with transit applications being over subscribed. ConnectOregon is in the process of winnowing.

In regards to formula funding deficits, Ms. James stated the formula funds are borrowed from a future period and used, which means we have to use cash to buy and assume we will get the formula money in grant proceeds the following year.

Ms. Hellekson stated that there could be two types of borrowing: 1) borrowing from ourselves using future funds; and 2) debt financing.

Ms. James stated that both versions have three options for funding the Capital account: 1) assuming transfers from the General Fund continue; 2) assuming debt financing the $8 million Pioneer Parkway EmX match; and 3) assumes the reduction of operating reserves with minimal debt financing.

Mr. Kortge noted that the Medicaid Brokerage/Call Center was added. Ms. Hellekson stated that it was added as a placeholder; no decision had been made to do it yet. Undertaking the Call Center would not require a General Fund investment; therefore, it would be a break-even venture.

The key question for the committee was when to purchase the EmX buses. Ms. James stated that if purchase of the sixth vehicle were moved forward, it would put LTD in a negative formula funding position for each of the next five years. Staff recommended Option 2 (assuming debt financing the $8 million Pioneer Parkway EmX match).

Mr. Simmons, facilities services manager, stated that New Flyer could supply the sixth vehicle as part of the Franklin EmX corridor order. Ms. Hellekson stated, however, that we would have to ask the Federal Transit Administration (FTA) for a waiver in regards to Altoona testing. Mr. Lipkin, grants administrator, added that FTA rules state that as long as the first vehicle has been through testing and we have reviewed the report from Altoona before acceptance and payment, we should be fine.

Mr. Gant asked what would happen if the vehicle failed Altoona testing. Mr. Viggiano, director of development services, stated that Altoona testing just reports what happens under certain conditions; it is not a pass/fail test. The purchaser makes the decision whether the result is acceptable. Mr. Simmons stated that the major concern is that the frame of the vehicle would fail the road test. Monitoring and fixes occur along the way.

Mr. Simmons reported that the first vehicle is currently at Altoona undergoing static and road testing.

Mr. Kortge explained to Ms. Davis that a sixth vehicle is needed as a spare to guarantee that 10-minute service is provided. The shorter the frequency, the more maintenance that is required. The community is expecting 10-minute frequency, although it could be an option to change the frequency mid-day if needed.

> *The committee would recommend Version B to the full Board for discussion and approval at the March 15, 2006, meeting.*

In regards to funding options, Mr. James restated that Option 1 breaks down after the second year, Option 2 allows borrowing $8 million in Year 2, and Option 3 allows an operating reserve adjustment and minimal debt.

Ms. Hellekson stated that it is more efficient to issue one large amount of bonds. She noted that $8 million is not a large amount of money to borrow.

Mr. Gant and Ms. Davis believed that it would be prudent to borrow all at one time because interest rates are going to increase.

> *The committee would recommend funding Option 2 to the full Board at the March 15, 2006, meeting.*

LONG-RANGE FINANCIAL PLAN (LRFP) – Ms. Hellekson stated that in order to consider the financial and planning requirements of moving one vehicle from the Pioneer Parkway EmX project to the Franklin EmX corridor, two versions of the draft LRFP were included in the agenda packet. Version A assumes five vehicles for the Franklin corridor and four vehicles for the Pioneer Parkway corridor. Version B assumes six for Franklin and three for Pioneer Parkway. All other assumptions in the two versions remain the same as in the last materials that were presented to the committee on February 7, 2006:

- Payroll tax receipts will grow at 8 percent in FY 2005-06, 7 percent in FY 2006-07, and 5 percent per year thereafter.
- Both the ATU and administrative employee retirement plans will assume a 20-year amortization period for full funding and 7.5 percent rate of return. This assumption results in an additional expense of $255,000 beginning in FY 2006-07.
- Otherwise, personnel services expenses will grow at 5 percent per year.
- Accessible Services programs will continue to be funded at levels required to meet demand, whether the services are required by ADA or not.
- Fixed-route service will require a 1 percent inflation factor after FY 2006-07, except in years where additional service is added, as for the Pioneer Parkway corridor.
- Planning for the third EmX Corridor will continue, but implementation will occur outside the eight-year planning window.

Version B also assumes $300,000 in new positions and an advertising campaign next year. Personnel services assumptions also were included in the agenda packet.

Ms. Hellekson stated that a wellness program was recently instituted in hopes of reducing health care costs, which has shown 30 percent participation.

Since the committee would recommend Version B of the Capital Improvements Plan to the full Board, the committee would also recommend the corresponding Version B of the LRFP to the full Board for discussion and approval at the March 15, 2006, meeting.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 8:08 a.m.

(Recorded by Chris Thrasher, Lane Transit District)

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AGENDA ITEM SUMMARY

DATE OF MEETING: March 7, 2006

ITEM TITLE: REVISION OF LTD GROUP PASS PROGRAM POLICY

PREPARED BY: Andy Vobora, Director of Marketing and Communications

ACTION REQUESTED: Approve revisions to LTD Group Pass Policy. Forward recommendation to full Board for action on March 15, 2006.

BACKGROUND: Lane Transit District has offered group bus pass contracts since 1998 when the District entered into an agreement with students at the University of Oregon. Since 1988, the number of programs has grown to include a number of the areas largest employers, Lane Community College, many small employers, and middle and high school students as part of the Student Transit Pass Program.

LTD has always attempted to be flexible and work with groups of differing sizes and affiliations. This flexibility has been appreciated by many small employers who would not have been able to participate under the guidelines established early in the program's development. Recently, this flexibility exposed deficiencies in the policy.

The District entered into an agreement with the Eugene Chess Club. The Chess Club is a private not-for-profit entity registered with the State of Oregon. The Club's organizer has taken advantage of the Group Pass Program's low pricing and is soliciting membership into the Chess Club by offering discounted LTD passes. The intent of the Group Pass Program is to offer passes to an identified group in an effort to create greater transit ridership while maintaining a revenue neutral position. In this case, the Chess Club is providing an opportunity for LTD customers who are paying standard LTD fares the opportunity to join the Chess Club and pay a substantially reduced rate. This results in LTD losing fare revenue and decreases the District's farebox to operating cost ratio. The Chess Club organizer charges new members $10.00 per month for their group pass fare, which is significantly more than the $4.04 per month rate LTD charges the Chess Club under current group pass pricing. While this may violate an IRS not-for-profit code, it is LTD's concern that current customers are in effect moving from paying $35.00 per month (LTD monthly pass rate) to $4.04 a month. The group pass pricing strategy maintains revenue neutrality for the District when the group size is known and somewhat static. This pricing strategy breaks down quickly when the group size is largely unknown and growing almost daily.

Attached is a revised policy that staff has developed in an effort to tighten the criteria under which groups qualify for participation. These revisions have gone through legal review and similar revisions will be made to group pass contract documents to provide consistency.

CONSEQUENCES OF REQUESTED ACTION: Once the policy changes are approved by the Board, the contract with the Eugene Chess Club will be cancelled. Chess Club members who have purchased fares through the Club will be allowed to continue using their passes through the expiration date shown on the validation sticker.

ATTACHMENTS: Revised Group Pass Policy

Q:\Reference\Board Packet\2006\03\Finance Comm 3-7-06\Revsied group pass summary.doc