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

**February 15, 2001
4:00 p.m.**

**LTD BOARD ROOM
3500 E. 17th Avenue, Eugene
(off Glenwood Blvd.)**

AGENDA

- I. CALL TO ORDER
- II. ROLL CALL
Hocken _____ Gaydos _____ Lauritsen _____
- III. FARE POLICY AND PROPOSED PRICING PLAN 2
- IV. LANE COMMUNITY COLLEGE TERM PASS PRICING 18
- V. COMPREHENSIVE SERVICE REDESIGN COSTS..... 19
- VI. CAPITAL IMPROVEMENT PROGRAM OPTIONS..... 22
- VII. ADJOURN

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: February 15, 2001

ITEM TITLE: CAPITAL BUDGET DEVELOPMENT

PREPARED BY: Diane Hellekson, Finance Manager

ACTION REQUESTED: None.

BACKGROUND: At the two-day Board work session in January, Board members discussed the preliminary draft of the revised Capital Improvement Program (CIP). There is a possibility (probability) that operations cannot be supported at current levels (and with current projected growth) at the same time that a significant commitment to the annual local funds transfer to capital is maintained. Board members requested that the Finance Committee continue this discussion with additional information provided. Some of the information requested included:

- CIP options under different funding assumptions.
- The effect of fully funding the CIP on operations.
- The effect of fully funding operations on the CIP.
- A complete analysis of the land acquisition opportunity at 2nd and Garfield.

The last item will be brought to the Finance Committee at a later date. LTD has ordered an appraisal of the property, which has not yet been completed. The appraisal report is required as the starting point for the investment analysis.

It was clear as staff worked through the other information development that hundreds of pages could be generated without producing any additional insight into the decisions ahead. The message delivered at the work session was less than clear, also. From the meeting minutes, three things were noted:

- Capital projects should not be sacrificed to operating needs.
- Operating needs should not be sacrificed to capital projects.
- And, there is reluctance on the part of more than one Board member to consider debt financing.

For purposes of this discussion, two scenarios were developed. The first is a slightly revised version of the CIP proposal that was presented at the work session. This proposal maintains the project list as previously discussed, including timing, and backs the funds needed to balance next year's General Fund budget out of this year's transfer to capital. The result is a smaller capital reserve at the end of five years, an operating shortfall in year two or three (assuming no economic upturn of significance), and debt

issuance. The second assumes no transfer to capital, which fully funds operations for the planning period, and also requires debt. Clearly, there are many variations possible. At the Finance Committee meeting, these issues will be discussed in more detail.

ATTACHMENTS: ***First Cut*** FY 2001-02 Budget Information
Capital Fund with Transfer and Debt Financing
Capital Fund with Debt Financing and without Transfer

PROPOSED MOTION: None.

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FINANCE COMMITTEE AGENDA ITEM SUMMARY

- DATE OF MEETING:** February 15, 2001
- ITEM TITLE:** Comprehensive Service Redesign
- PREPARED BY:** Andy Vobora
- ACTION REQUESTED:** Provide final direction to staff for service package approval on February 21, 2001.
- BACKGROUND:**
- The goals of the CSR included fixing operational problems existing within the current system design and increasing the overall productivity of the system by placing more resources into service frequency. The proposal before the Board accomplishes these goals, while maintaining a balanced distribution of service hours.
- The Board's interest is dividing service hours into 75 percent productivity, 20 percent coverage, and 5 percent discretionary has been met through the proposed service design. The 4.68 percent package includes coverage service on routes 17, 25, and 27, bringing the productivity percentage to 75 percent and coverage percentage to 25 percent. Without these coverage hours the package shifts slightly to the 75.4 percent productivity and 24.6 percent coverage.
- The Development Services Group has reviewed the package and recommends approval at the 5.44 percent level. The DSG believes this package represents the best opportunity to meet the needs of our growing metro area, but also recognizes that this package does not respond to the continuing growth in both the housing and commercial sectors. As population continues to increase and as additional jobs are created, transit needs to play a part in linking residents and jobs. To accomplish this, an on-going investment in service hours must be made. While the staff does not have a recommendation at this time, staff agree the percentage of service hours projected in the long range financial plan should reflect a number that includes a service "fix" factor and a population factor. This number could range from one to three percent. Service "fixes" for the period 1996 – 2000 averaged .85 percent, while population growth between 1990 and 2000 averaged 2.4 percent. Setting a service investment percentage allows the Board to plan for future demands and estimate financial impacts on the District's financial resources.

RESULTS OF RECOMMENDED ACTION:

Staff will prepare the service package according to Board direction and will present this package at the public hearing on Wednesday, February 21, 2001.

ATTACHMENT:

CSR summary spreadsheet

PROPOSED MOTION:

None

Fare Policy

The fare policy is used to provide direction in making decisions about changes in the District's fare structure. The policy is composed of objectives and guidelines. The objectives indicate the general goals the District's fare structure should achieve. The guidelines provide more specific direction on the various aspects of a fare structure. The intent of each of the guidelines is further explained in a discussion section that follows each statement.

This Fare Policy applies to both the fixed-route and RideSource systems. Unless otherwise stated, objectives and guidelines apply to both systems.

OBJECTIVES

1. To promote fixed-route ridership by making the fare structure attractive to users
2. To improve the farebox recovery ratio
3. To improve the efficiency of fare collection
4. To promote equity of fare payment among patrons

APPLICATION

This policy applies to all recommendations for changes to the fare structure.

GUIDELINES

1. *Recommendations for changes in the fare will be developed by LTD staff. Decisions on fare changes are made by the LTD Board of Directors, and require an amendment to an ordinance. A public hearing is required for any change in fares. Changes to the RideSource Fare also will include review by the Special Transportation Fund Advisory Committee.*

Typically, fare change decisions are made over the course of three board meetings. At the first meeting are an informational presentation to the Board, and a public hearing. The first reading of the ordinance is held at the second meeting, and the second reading and approval of the fare ordinance occur at the third meeting.

2. *Staff recommendations for changes to the fare will consider the inflation rate, ridership and revenue trends, local economic trends, trends in automobile-related costs such as gas, service changes, the value of the service to the rider, market conditions and opportunities, the District's financial situation, the District's goals and objectives, and Board policy.*

This policy statement lists the most important factors to be considered in making recommendations for changes to the fare structure. The list of factors to be evaluated is not meant to be exclusive; other factors will need to be considered from year to year. It is further

recommended that staff develop and maintain a ridership model in order to more accurately predict the effects of changes in the fare structure.

- 3. *Increases to the Group Pass rates will be based on guidelines included in the Group Pass section of this policy.*

Deleted: the average increase in operating costs of the preceding three years.

- 4. *The RideSource fare should exceed the fare of the fixed-route system to reflect the higher cost of a RideSource trip and to encourage use of the fixed-route system.*

RideSource, a demand-responsive, curb-to-curb service, has a much higher cost per trip than LTD's fixed-route service. Establishing a higher cash fare for RideSource than for the fixed-route system will help to compensate for the higher cost and encourage riders who may have a choice between systems to use the fixed-route service. By law, RideSource fares cannot exceed twice the fixed-route fare.

Deleted: The initial group pass rate was based on a formula as dictated by the Group Pass Policy. **Group Pass Policy is undergoing revision to set new base rates for program participation and program eligibility.** Ongoing adjustments to the rate generally are determined by a rolling three-year average of increases in the District's operating costs. Should service be added for a particular group pass program, the marginal costs of that added service also should be included in an increase.

- 5. *Increases in the farebox recovery ratio should be pursued primarily by improving the ridership productivity of the system and by improving internal operating efficiency.*

There are three ways to improve farebox recovery ratio: by increasing the fare (in real terms); by improving internal operating efficiency; and by improving ridership productivity. Attempts on the LTD fixed route to improve the recovery ratio by increasing the fare by an amount substantially greater than the inflation rate have proven unsatisfactory. Ridership decreases have almost offset the increase in the average fare, yielding only small gains in revenue and significant ridership loss. Improvements in internal operating efficiency should be pursued whenever possible. Improvements in ridership productivity are likely to provide the greatest potential for a significant improvement to the farebox recovery ratio. If the average fare remains stable (in real terms), a 10 percent increase in ridership productivity would achieve a 10 percent improvement in the farebox recovery ratio.

Unlike the fixed-route system, significant increases in RideSource rides do not provide significant additional income to offset costs. Encouraging use of the RideSource Shopper and providing incentives for grouping trips may improve productivity but would not have a substantial impact on the farebox recovery ratio. Due to the significant fare subsidy on RideSource, efforts should be made to maintain a minimum farebox recovery ratio and maintain the Americans with Disabilities Act (ADA) maximum fare, once attained.

- 6. *Prepayment of fares on the fixed-route system shall be encouraged. Accordingly, passes and tokens should be priced below the cash fare.*

Prepayment of fares benefits the District in a number of ways: It improves the cash flow situation; it guarantees ridership and revenue by the customer; it reduces the chance of non-payment or underpayment; and it speeds boarding. Prepayment mechanisms also tend to encourage increased ridership by customers since the cost of the ride is not required at the time the decision to take the ride is made. It is recommended that monthly passes be priced at 25 to 30 times the cash fare, and that tokens be priced at 75 percent to 90 percent of the cash fare. Passes should, on a per-ride basis, be discounted more than tokens, since they are more effective at increasing ridership and are a more efficient fare mechanism from an internal operating standpoint. It should be noted that RideSource does not use either passes

or tokens since there should not be an incentive to ride RideSource more frequently. However, RideSource provides ticket books for riders, at the same per-ride price as the cash fare, to minimize underpayment of fares, to encourage ease of boarding for customers, and to offer a non-cash alternative to riders.

- 7. *Increases to the base fixed-route fare generally should not exceed ~~25 percent~~ within a year. Increases to the RideSource fare should not exceed 50 percent and no more than one increase should be implemented each year until reaching the allowable ADA maximum of twice the LTD adult cash fare.*

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Deleted: and no more than one increase in each fare type should be implemented

This policy directs that changes in the fare be incremental in nature to avoid large "catch-up" increases. The District's experience has been that large fare increases (even though occurring less often) have a substantially more negative impact on ridership than smaller, more frequent fare increases.

Deleted: However, more than one increase in any one fare instrument in a year would tend to discourage ridership.

Large fare increases on RideSource do not seem to have a significant impact on ridership. However, RideSource has a more "captive" ridership and fare increases should not be unduly burdensome, especially since many of the riders have low incomes. Once the ADA maximum fare of twice the fixed-route adult cash fare is attained, additional fare increases would occur only when the LTD adult cash fare increases.

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- 8. *Recommendations for fare changes will be developed prior to the budget process each spring for the following fiscal year.*

Given the dynamic nature of ridership, budgets, and other factors that affect fares, it is necessary to consider changes in the fare on a yearly basis. This policy ties the recommendations on fare changes to the budget process, as well as to decisions on major changes in the service that result from the Annual Route Review. This policy does not preclude making unprogrammed changes to the fare in mid-year if unforeseen conditions warrant.

- 9.

Deleted: The District should alternate increases in the cash fare with increases in the cost of tokens and passes.

- 10. *Changes in the fare structure should be implemented on the first day of a month, preferably in July or September.*

Deleted: The District has had good success alternating increases in the cash fare with increases in the cost of tokens and passes. This method always gives riders the option of switching to a fare payment mechanism that has not been increased and therefore mitigates some of the negative impacts on fare increases.

Since LTD ridership changes significantly at the start and end of summer, these are good times to implement changes to fares. Pass price increases during the school year when LTD ridership is highest are more visible and therefore may result in a greater loss of ridership.

- 11. *Fare promotions can be used to attract new riders to the fixed-route system.*

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Fare promotions have been shown to be a cost-effective method of attracting new users to the system at a very low cost per trip. Surveys indicate that many of those attracted by free or reduced fares are not regular bus riders. The process to be followed in fare promotions includes an analysis of the proposal, a marketing plan for the promotion, and a post-project evaluation. The extent of the analysis, marketing plan, and evaluation would be based on the scale of the promotion. RideSource fare promotions shall be designed to switch riders to the LTD fixed route and to increase RideSource productivity.

- 12. *Discounted fares may be used to encourage ridership during traditionally low-demand periods.*

The District has had very good success in generating additional ridership in low-demand times through fare reductions. The cost per trip generated by the fare reductions has been much lower than for other options available to the District.

- 13. *Fare payment options that effectively attract a different market segment or encourage increased use of the bus by current riders shall be developed. The fare payment options should be made conveniently available to customers.*

The District currently offers customers the choice of paying cash or using tokens, monthly passes, or day passes. Each of these fare payment options is attractive to a different segment of the market. Other fare payment options that attract additional riders, increase bus use among current riders, or are more convenient forms of current options should be investigated and, if feasible, implemented. Convenient access to all fare payment options will tend to make the system more attractive to customers and thus will increase ridership.

- 14. *The design and number of fare payment instruments shall consider the ease of enforcement by bus operators and ease of understanding by customers.*

Bus operator enforcement of fares is necessary to ensure adherence by customers to the fare policies. The ease of enforcement is dependent upon the design of the fare payment instrument and the quantity of different fare payment options available. These two factors should be considered when making decisions on the implementation of a new fare option or the redesign of an existing fare instrument. Fare enforcement programs should be evaluated periodically to ensure that they are appropriate.

MAINTENANCE

The Finance Department will monitor application of this policy as it relates to cash fares, tokens, and standard passes, and propose revisions as necessary.

Adopted 2/85
 Revised 6/86
 Revised 6/87
 Revised 2/98
 Revised 2/01

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FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: February 15, 2001

ITEM TITLE: FY 2001-2002 PRICING PLAN AND FARE POLICY

PREPARED BY: Diane Hellekson, Finance Manager

ACTION REQUESTED: None.

BACKGROUND: A staff committee has spent the last three-and-a-half months reexamining LTD's formal fare policy. The purpose of this study was:

- To determine if existing fare policy continues to serve LTD and its stakeholders best.
- To identify changes in the policy, should opportunities for improvement become apparent.
- To recommend fare changes for FY 2001-2002 in accordance with whatever policy appears optimal.

This work was reviewed with the Finance Committee on January 8, 2001.

As a result of Finance Committee discussion, and also Board discussion at the work session on January 19th and 20th, the pricing plan proposal has been revised. Instead of proposing an increase in the adult cash fare from \$1.00 to \$1.10, staff now propose an increase to \$1.25. Other cash fares and the day pass price would change proportionately. The new proposal is summarized in Attachment II to this document.

There are two reasons for the revised proposal:

- There appears to be Board support for more aggressive fare pricing (and operating cost increases support higher fare prices).
- By raising cash fares by 25 percent and holding all other fare instruments at current prices, LTD will have an opportunity to accurately evaluate the effectiveness of a deep discounting strategy.

Board members have also expressed an interest in increasing the farebox recovery ratio. Staff were asked to provide an analysis of whether a 25 percent farebox recovery is possible by increasing fare prices alone, and to describe what a system would look like with 25 percent or more farebox recovery. That information will be provided to committee members on February 15th.

Because the Finance Committee meeting will occur after Board meeting materials have been finalized, the Board packet will include the same

proposal contained in these materials. However, it will still be possible to revise the proposal, should the committee or full Board wish to do so. There is a public hearing on the proposal set for the Board meeting on February 21st, but the first reading of revised Ordinance 35 (which sets fares and prices) will not occur until the March 21st Board meeting.

ATTACHMENTS: Fare Policy
Draft FY 2001-2002 Pricing Plan Proposal Summary

PROPOSED MOTION: None.

Q:\REFEREBCE\BOARD PACKET\...\FINANCE COMM FARE POLICY.DOC

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: February 15, 2001

ITEM TITLE: 2001/02 LCC Term Pass

PREPARED BY: Andy Vobora, Service Planning Manager

ACTION REQUESTED: Approval to proceed with discussion of pricing strategy with LCC staff.

BACKGROUND: Following the Finance Committee discussion in January, staff has developed the following recommendation for the 2001/2002 LCC Term Bus Pass program.

	<u>Proposed</u>	<u>Current</u>
Pass price	\$46.00	\$40.00
Student share	\$26.00	\$22.00
LCC subsidy	\$20.00	\$18.00

Passes quantities will be adjusted to the sales pattern observed during the past three school years.

	<u>Proposed</u>	<u>Current</u>
Fall term passes	2,500	2,500
Winter term passes	2,250	2,500
Spring term passes	2,000	2,500

RESULTS OF RECOMMENDED ACTION:

Assuming sales equals the total of available passes, revenues from the program will increase from current year revenues by approximately \$12,000 per term.

ATTACHMENT: None

PROPOSED MOTION: None

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: February 15, 2001

ITEM TITLE: Shuttle Fare

PREPARED BY: Andy Vobora, Service Planning Manager

ACTION REQUESTED: Support staff recommendation to establish the shuttle route fare at 25 cents for a period of one year.

BACKGROUND: The LTD Board commissioned a shuttle feasibility study in fall 1999. The results of this study led the Board to decide that a shuttle, linking major trip generators within an expanded downtown Eugene study area, would be a desirable addition to the District's service package. As part of the Comprehensive Service Redesign, staff has proposed a shuttle linking the University, downtown Eugene, the train station, 5th Street Market, and Valley River Center.

While still in development, the shuttle vehicle has been selected, routing is nearly finalized, and a unique identity (including a dynamic paint scheme, special stops and shelters, and distinct name) is quickly coming to reality.

One shuttle feature the feasibility study found to be particularly consistent was the low fare. Twenty shuttle programs were reviewed and all but one charged a 25 cent fare. Seven programs charged no fare at all. The LTD stakeholder group felt the 25 cent fare was appropriate, but recognized that 50 cents may also work.

LTD staff believes a 25 cent fare would be a good place to start the program and that the issue of pricing could be revisited with the 2002 pricing plan discussions. The committee should be reminded that fewer than 30 percent of LTD customers pay cash fares and that a large portion of customers using the shuttle will have paid the full LTD fare on a previous bus or will be transferring to another bus. Without experience operating the shuttle it is difficult to estimate fare impacts, however it would be possible to survey customers using the shuttle and come back to the Board with better information for future pricing decisions.

Staff believes strongly that getting the shuttle off to good start will depend on all the successful features identified in the feasibility study. These included the identity, frequency of service, a strong marketing campaign, and a low fare.

RESULTS OF RECOMMENDED ACTION:

The pricing plan recommendation would reflect the decision of the Finance committee.

ATTACHMENT:

None

PROPOSED MOTION:

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CLASSIFIEDS



Lane Transit District

*P.O. Box 7070
Eugene, Oregon 97401-0470*

*3500 East 17th Avenue
Eugene, Oregon 97403*

*Phone: 541-682-6100
Fax: 682-6111
TTY: 800-735-2900
E-mail: ltd@ltd.lane.or.us
Internet: www.ltd.org*

Date: May 11, 2020
To: CLASSIFIED ADVERTISING - SECTION 146, NOTICES
THE REGISTER-GUARD (FAX NO. 687-6668)
From: Cindy Lundeen, Administrative Secretary
Lane Transit District; Phone: 682-6109
RE: Notice of Board Committee Meeting
LTD Purchase Order #7585

**Please publish the following legal publication on Thursday,
February 8, 2001:**

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 Thursday, February 15, 2001, at 4:00 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene (in Glenwood). Items for discussion include fare policy and proposed pricing plan; Lane Community College term pass pricing; Comprehensive Service Redesign costs; and capital improvement program options.

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).

AGENDA ITEM SUMMARY

DATE OF MEETING: February 15, 2001

ITEM TITLE: WAGE AND SALARY PLAN ADJUSTMENT FOR ADMINISTRATIVE EMPLOYEES

PREPARED BY: David Dickman, Human Resources Manager

ACTION REQUESTED: None.

BACKGROUND: Annually staff prepare a recommendation for wage and salary adjustments to the pay plan for administrative employees. This recommendation is based on the analysis of several factors. For fiscal year 2001-02, staff are recommending that the wage and salary plan for administrative employees receives a 4 percent base pay adjustment.

For the past three budgets, the Human Resources Department has relied chiefly on a benchmark analysis developed from Economic Research Institute (ERI) data. In this year's analysis, 51 employee classifications were included in the benchmark grouping representing 76 percent of all administrative employees, and not including department managers.

The ERI methodology has been employed by the Human Resources Department in keeping with the LTD Board of Directors' desire to pay administrative employees according to the market. The continued use of the ERI models has established credibility with employees and trust in the outcomes generated to date.

The labor market—locally, regionally, and nationally—has tightened considerably. The result is that wages and salaries have accelerated faster than the corresponding rates of inflation. (Attached is a news release from the American Compensation Association that addresses this issue. It also enumerates the outcomes and predictions for the current year and the coming year.)

Other factors considered in making this recommendation include:

Source	Pay Factor	Comment
LTD ATU Contract Employees	2% each July and January (accumulated increase of 4% each fiscal year)	
SUB	Estimated to be 3-6%	Not determined at this time.
EPUD	Determined to be 4%	
Salem Area Transit	3.5%	
CTRAN	Estimated to be 4%	Not determined at this time.
Social Security	3.5%	Effective January 1, 2001
Portland-Salem MSA	3.3%	December 2000

RESULTS OF RECOMMENDED ACTION:

None needed at this time. This is for your information as the District management continues to develop the FY01-02 budget.

ATTACHMENTS:

ERI Salary Assessor Spreadsheet
Website information, "About ERI Economic Research Institute"
American Compensation Association press release of April 20, 2000

PROPOSED MOTION:

None.