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

**March 12, 2003
4:00 to 5:30 p.m.**

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

AGENDA

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I. CALL TO ORDER	
II. ROLL CALL	
Hocken _____ Gaydos _____ Lauritsen _____	
III. APPROVE MINUTES OF FEBRUARY 4, 2003, MEETING	2
IV. SPECIAL TRANSPORTATION FUNDING (Terry Parker & Diane Hellekson)	10
V. GROUP PASS PRICING (Andy Vobora)	14
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VIII. BUS FINANCING DEBT CALENDAR (Diane Hellekson)	21
IX. OTHER BUSINESS	
X. 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

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DATE OF MEETING: March 12, 2003

ITEM TITLE: CAPITAL IMPROVEMENTS PROGRAM (CIP)

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

ACTION REQUESTED: Forward plan to full Board on March 19 for consideration and action.

BACKGROUND: After several months of discussion and review, the proposed CIP has been completed for Committee review prior to presentation to the full Board on March 19. As members know, there are several uncertainties in the proposed CIP that may not be resolved before the LTD budget must be adopted in June. These uncertainties include the following:

- **Selection, cost, and delivery timing of bus rapid transit (BRT) vehicles**

As was reported to the full Board on February 26, cost and delivery issues make it unlikely that LTD will purchase Phileas vehicles. Because of the small size of LTD's purchase, options are very limited. Until the issue is resolved, the plan continues to show \$6.6 million for six vehicles. It is likely that only five vehicles will be purchased for substantially less than \$6.6 million. The vehicles, regardless of cost, will be debt financed.

- **Final cost estimate for the downtown Eugene to downtown Springfield corridor, which will be influenced by the vehicle chosen**

The corridor has been engineered for the Phileas, a guided vehicle with doors on both sides. Use of another vehicle will require re-engineering.

- **Timing for the implementation of BRT Phase 1 service, which is driven by vehicle selection and re-engineering**

The target implementation of service date is currently in the fourth calendar quarter of 2004. Meeting that implementation target may mean using a regular vehicle as a temporary stand-in until the right vehicle becomes available.

- **Funding for the new Springfield Station, which is in advanced stages of planning due to assurances that the project would be fully federally funded but which came up \$1.5 million short in the most recent appropriation cycle**

In order to complete this project on schedule, the CIP assumes that local funds set aside for the Pioneer Parkway corridor will be borrowed for the station project while other funding opportunities, including another federal appeal for earmarked grant funds, are pursued. The local funds will be repaid with new funds. The funding risk will be borne by the Pioneer Parkway project, not Springfield Station. The funding gap, split into federal and local components on the assumption that federal funding will be identified, is **highlighted in blue**.

- **Funding for Pioneer Parkway and Coburg Road BRT corridors**

The plan continues to assume 60 percent BRT funding from federal New Starts money with the remainder split between LTD and contributions from community partners. **Pink highlighting** indicates that funding for Phase 2 and beyond corridors has yet to be identified.

The plan also assumes debt financing of vehicles and that all vehicles purchased qualify for federal funding. Plan assumptions are summarized at the top of the first page of the attachment. In order to maintain minimum reserves and balance the five-year plan, additional revenues from unidentified sources have been included. These amounts are shown in the fourth and fifth year of the draft plan and are **highlighted in orange**.

One major funding uncertainty -- in what year LTD would be eligible to receive additional federal formula funds (and in what amount) due to achieving transportation management area (TMA) status -- has been resolved. LTD has just been notified that the additional funds are available in the current federal fiscal year. Previous drafts of the CIP assumed that new money would not be available until federal fiscal year 2004. Having funds available this year adds approximately \$1.5 million to capital resources. Because the new money was not anticipated by any previous plan, its allocation has not been decided yet. Possibilities include reducing proposed vehicle purchase debt by purchasing some or all of the 18-foot Gillig buses with formula funds and applying the new money to the Springfield Station in the event that the new earmark appeal is unsuccessful.

If the Committee approves the plan as presented, the proposed CIP will be presented to the full Board at the March 19 meeting. Approval of the plan will be a Board action item.

ATTACHMENTS: CIP proposal

PROPOSED MOTION: None

FINANCE COMMITTEE AGENDA ITEM SUMMARY

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- DATE OF MEETING:** March 12, 2003
- ITEM TITLE:** LONG-RANGE FINANCIAL PLAN (LRFP)
- PREPARED BY:** Diane Hellekson, Director of Finance & Information Technology
- ACTION REQUESTED:** Forward draft plan to full Board on March 19 for consideration and action.
- BACKGROUND:** As part of the development of the twenty-year Long-Range Financial Plan, the first five-year component of the plan has been revised to include the following changes from previously considered drafts:
- A reduction in assumed state support of special transportation programs of \$250,000 beginning in FY 2003-04, following a fourth-quarter FY 2002-03 loss of all support (\$145,960)
 - No transfers from operations to capital in the next five years
 - Slightly lower fare revenue in the base year, but the same modest fare growth as previously included
- The plan continues to assume gradual economic recovery over the next several years and aggressive expenditure management, particularly in the case of personnel services costs. Major assumptions are included on the attached short-term plan summary. Commitments to future reductions of personnel services are **highlighted in pink**. Additional operating expenses as the result of opening a new Springfield Station are **highlighted in gray**.
- After these materials were prepared, it was suggested that the \$.90 per gallon that has been proposed for diesel fuel in FY 2003-04 is insufficient, given current price increases and an unstable market. The estimate for this expense will be reviewed before Board materials are finalized and is likely to increase.
- If the Committee approves the draft plan as presented, the proposed LRFP will be presented to the full Board at the regular meeting on March 19. The final plan will include the twenty-year projection required by state and federal regulation. This projection will be part of the materials provided in the March meeting materials. Approval of the revised LRFP will be requested as a Board action item on March 19.
- ATTACHMENTS:** Long-Range Financial Plan – Five-Year Component
- PROPOSED MOTION:** None

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FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 12, 2003

ITEM TITLE: GROUP PASS PRICING

PREPARED BY: Andy Vobora, Service Planning and Marketing Manager

ACTION REQUESTED: Direction for Board recommendation

BACKGROUND: Previous pricing plan discussions included a proposed group pass price increase of 3.65 percent for calendar year 2004. After discussions with the board on February 19, 2003, staff was asked to review the potential revenue gains from an increase of this amount. This research will be presented at the Finance Committee meeting on March 12, 2003.

ATTACHMENTS: None

PROPOSED MOTION: None

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 12, 2003

ITEM TITLE: BUS FINANCING DEBT CALENDAR

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

ACTION REQUESTED: None

BACKGROUND: The FY 2002-03 Adopted Budget provides for the purchase of eighteen Gillig 40-foot buses and five articulated buses, all of which were to be financed by the issuance of bonds. Last September, the Finance Committee received a calendar prepared by Western Financial Group, the financial advisor retained to represent Lane Transit District, that details the steps and actions required to complete the sale of bonds before the end of the current fiscal year. Subsequently, two changes have occurred that alter the timing of the debt financing plan:

- While the eighteen 40-foot buses were ordered on an existing contract between LTD and Gillig, there were no existing contracts available on which LTD could “piggyback” for the five articulated buses. LTD had to initiate its own Request for Proposal (RFP) process, the results of which will not be available until late April. Evaluation and contract award will add to the timeline.

In the meantime, the first of the Gillig buses has been delivered. (Payment for these buses will be staggered as they are delivered, tested, and accepted.) With the delivery date(s) of the articulated buses still uncertain, it seemed prudent to either separate the two orders into two different financing groups (which would reduce attractiveness to investors) or pay for the Gillig buses with existing local funds and then reimburse the local funds with debt proceeds when we got closer to the articulated vehicle delivery. The plan always assumed that the Gillig vehicles would initially be from local funds; what has changed is the length of time before reimbursement. Also, the commencement of debt repayment is delayed.

- The most recently approved Capital Improvements Program assumed that the BRT Phase 1 corridor would require six vehicles at a total cost of \$6.6 million. These vehicles were to have been debt financed as a separate issue. It now appears likely that there will be five vehicles purchased at a substantially lower cost, and there is a possibility that the vehicles may be identical to the other five destined for regular service. In that event, LTD will order and take delivery on ten

articulated vehicles which should all be financed in one issue. The decision will not be known until May or June.

The first of these points cannot be resolved in advance of the second. Until these questions are answered, the debt process has been postponed. We have control over the timing of this process. Interest rates are even more favorable now than when last discussed with Committee members.

A new draft of the debt financing calendar is attached for Committee review. Please note that minor changes may be necessary once the unresolved issues are settled.

ATTACHMENTS: Revised FY 2003-04 Debt Financing Calendar

PROPOSED MOTION: None

FINANCE COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 12, 2003

ITEM TITLE: SPECIAL TRANSPORTATION FUNDING

PREPARED BY: Diane Hellekson, Director of Finance & Information Technology
Terry Parker, Special Transportation Manager

ACTION REQUESTED: None

BACKGROUND: LTD is the designated governing body under ORS 391.800-391.830, which established the Special Transportation Fund (STF) for the Elderly and Disabled. Since 1985, LTD has received cigarette tax revenues designated for In-District and Out-of-District areas of Lane County to be used for the provision of transportation service for seniors and people with disabilities. Over the years a network of services has been developed to meet the ever-growing needs of Lane County's elderly and disabled population. LTD contracts with local operators and has successfully used STF revenues as match to secure additional federal funding.

ATTACHMENTS:

- (1) Memo dated March 5, 2003: State Budget Decisions Affecting the Special Transportation Fund (STF) for the Elderly and Disabled
- (2) Summary of Revised Special Transportation Fund Allocations for FY03 and Projections for FY04 (to be distributed at meeting)

PROPOSED MOTION: None