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Public notice was given to *The Register-Guard* for publication on June 1, 2003.

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

**June 3, 2003  
4:00 to 5:30 p.m.**

**LTD Board Room  
3500 East 17<sup>th</sup> Avenue, Eugene (in Glenwood)**

**AGENDA**

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I. CALL TO ORDER	
II. ROLL CALL	
Hocken _____ Gaydos _____ Lauritsen _____	
III. APPROVE MINUTES OF MARCH 12, 2003, MEETING	2
IV. LEGISLATIVE UPDATE (Linda Lynch)	
V. CAPITAL IMPROVEMENTS PROGRAM (Diane Hellekson)	7
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VII. COMMITTEE WORK PLAN (Diane Hellekson)	
VIII. OTHER BUSINESS	
IX. 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:** June 3, 2003

**ITEM TITLE:** Capital Improvements Program (CIP)

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

**ACTION REQUESTED:** Forward plan to full Board on June 18 for consideration and action.

**BACKGROUND:** The revised CIP has been reworked several times over the past six months as assumptions changed, new cost estimates became available, and timelines were revised. Since the Finance Committee has regularly participated in CIP development discussions, this summary will only highlight the changes that have occurred since Committee members last reviewed a draft CIP.

- **The BRT Phase 1 vehicle cost is a placeholder.**

As of the May 28 Board meeting, a final BRT vehicle decision had not yet been made. While staff continue to research the costs and consequences of the various options, \$6.6 million is assumed to be adequate for the acquisition of five vehicles. The three options under consideration are the Phileas, a modified New Flyer articulated vehicle, and a standard articulated vehicle.

- **The final cost estimate for the downtown Eugene to downtown Springfield BRT corridor, which will be influenced by the vehicle chosen, is to be determined.**

The corridor has been engineered for the Phileas, a guided vehicle with doors on both sides. Use of another vehicle will require re-engineering. Until the vehicle decision is made, no new information is available.

- **The timing for the implementation of BRT Phase 1 service, which is driven by vehicle selection and re-engineering, has not been finalized.**

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. Neither the Phileas vehicle nor the modified New Flyer will be available before mid-2006.

- **Costs for the new Springfield Station have not been changed, despite the bid opening results that suggest lower total project funding requirements.**

It will take about two weeks to complete bid analyses in preparation for a contract award. It would be inappropriate to modify assumptions prior to the finalization of a construction contract.

- **As reported to the full Board, the 18 Gillig buses recently acquired will be funded by federal formula grants (80 percent federal and 20 percent local match).**

In addition, the five articulated buses ordered for regular fixed-route service are proposed to be funded by federal formula grant funds. The articulated buses are scheduled for delivery no later than February 2004.

- **Funding for Pioneer Parkway and Coburg Road BRT corridors has yet to be identified.**

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. It is likely that an additional source of local matching funds will have to be identified in order to finish the second and third BRT phases.

The plan continues to assume debt financing of future vehicle purchases and that all vehicles purchased qualify for federal funding. Plan assumptions are summarized at the top of the front page of the attachment.

If the Committee approves the plan as presented, the proposed CIP will be presented to the full Board at the June 18 meeting. Approval of the plan will be a Board action item. The Board can modify the CIP at any time, so approval in June does not lock LTD into a plan that may subsequently prove to have unrealistic or inaccurate components.

**ATTACHMENTS:** Capital Improvements Program Proposal

## FINANCE COMMITTEE AGENDA ITEM SUMMARY

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- DATE OF MEETING:** June 3, 2003
- ITEM TITLE:** Long-Range Financial Plan (LRFP)
- PREPARED BY:** Diane Hellekson, Director of Finance and Information Technology
- ACTION REQUESTED:** Draft plan approval for forwarding to full Board
- BACKGROUND:** As part of the development of the twenty-year Long-Range Financial Plan, the first eight-year component of the plan has been revised to include the following changes from previously considered drafts:
- Deficit spending in the General Fund in order to fund the resumption of transfers from operations to capital.
  - Transfers from the General Fun to the Capital Fund beginning in FY 2004-2005 in amounts equal to match federal formula funds that are assumed to become available for each year. (Reauthorization of TEA-21 is assumed.)
  - Slightly higher payroll tax receipts in FY 2002-2003 (current year).
- 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:
- Annual transfers to capital are highlighted in blue.
  - New operating revenue and/or reductions in operating expense requirements are highlighted in orange.
  - Funding gaps for capital projects are highlighted in pink.
  - Year-end reserve balances for both capital and operations are highlighted in green.
- If the requirements identified by the orange and pink highlights can be identified, the plan maintains adequate reserves in all funds.
- If the Committee approves the draft plan as presented, the proposed LRFP will be presented to the full Board at the regular meeting on June 18. The final plan will include the twenty-year projection required by state and federal regulation. Approval of the revised LRFP will be requested as a Board action item on June 18.
- ATTACHMENTS:** Long-Range Financial Plan – Eight-Year Component

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# Legal Notice

**Date:** May 11, 2020  
**To:** Carol Johnson, Legal Publications  
*The Register-Guard*; Fax: 687-6668  
**From:** Chris Thrasher, Administrative Secretary  
Lane Transit District; Phone: 682-6109  
**RE:** Notice of Board Committee Meeting  
LTD Purchase Order #A-00736

**Please publish the following legal publication on Sunday,  
June 1, 2003.**

## **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, June 3, 2003, at 4 p.m., in the LTD Conference Room at 3500 East 17<sup>th</sup> Avenue, Eugene (in Glenwood). Items for discussion include a legislative update, Capital Improvements Program, Long-Range Financial Plan, and committee work plan.

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

June 3, 2003

Pursuant to notice given to *The Register-Guard* for publication on June 1, 2003, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on June 3, 2003, at Lane Transit District, 3500 East 17th Avenue, Eugene.

Present: Pat Hocken, LTD Board Member  
Gerry Gaydos, LTD Board Member  
Virginia Lauritsen, LTD Board Member

**I. CALL TO ORDER**

Ms. Hocken called the meeting to order at 4:10 p.m.

**II. ROLL CALL**

Ms. Hocken noted that she and Ms. Lauritsen were present. Also present were: Diane Hellekson, Carol James, Mark Pangborn, Linda Lynch (LTD staff).

**III. APPROVAL OF MINUTES**

*Ms. Lauritsen moved, seconded by Ms. Hocken, to approve the minutes of the March 12, 2003, meeting of the LTD Board of Directors Finance Committee. The motion passed unanimously.*

**IV. LEGISLATIVE UPDATE**

Ms. Lynch gave an update on the current Legislative session. The ODOT budget--in particular, funding level for elderly and disabled transportation services--would be discussed in a work session on June 4. A draft budget showed a 10 percent cut in funding, as well as elimination of two Willamette Valley trains.

Ms. Lauritsen asked if elimination of train service would have an effect on LTD. Ms. Lynch stated that although there are similar elements in terms of access, she believed it would not affect LTD operationally.

Ms. Lynch believed that the elderly and disabled transportation services would be funded by those highway taxes that are not attributable to roads (e.g., farm equipment) and partially by other fees.

(Mr. Gaydos arrived.)

Ms. Hellekson stated that no adjustment would be made to the LTD budget, which allowed for a 50 percent reduction in funding. The difference, an extra \$200,000, would be left in as a cushion.

Ms. Lynch stated that a new bill was introduced to create funding for mass transit vehicle replacement, with funding capped at \$1 million a year. In response to a question from Ms. Hocken, Ms. Lynch stated that this is a new source, as well as a new use, of funds. Ms. Lynch said that lobbyists would ask the Transportation Commission to add to the funding by using some of their federal flexible funds. In response to a question from Mr. Pangborn, Ms. Lynch stated that this funding is local. Mr. Pangborn then stated that this money could be used as capital match money.

Ms. Lynch updated the group on the payroll tax bill, which was still in the Rules Committee. To date, there is no indication when the bill will be let out of Rules. Ms. Lynch distributed copies of a page from the bill that stated how the bill would be enacted. In summary, a district board may not adopt an ordinance increasing a tax unless the board makes a finding that the economy in the district has recovered to an extent sufficient to warrant the increase in tax. The board shall consider regional employment and income growth. An increase in any tax imposed on wages or on net earnings from self-employment must be phased in over a 10-year period. The district shall set forth the increments by which the increase in tax is phased in. Each increment may not increase the rate of tax by more than .02 percent.

#### **V. CAPITAL IMPROVEMENTS PROGRAM (CIP)**

Ms. Hellekson stated that the CIP included in the agenda packet was reworked several times since the budget meetings in April 2003 as assumptions changed, new cost estimates became available, and timelines were revised. Changes included the following:

- BRT Phase 1 vehicle cost is a placeholder. Staff hoped for a vehicle decision by June 18 and felt confident that the purchase price would not exceed \$6.6 million for five vehicles. Three options under consideration are the Phileas, a modified New Flyer articulated vehicle, and a standard articulated vehicle.
- Timing for the implementation for BRT Phase 1 service, which is driven by vehicle selection and re-engineering, has not been finalized. Neither the Phileas vehicle nor the modified New Flyer would be available before mid-2006. It may be necessary to use a temporary stand-in vehicle to meet the implementation target date of fourth quarter of 2004. We need to talk about the cost consequences of that change as well as develop a communication plan.
- The 18 Gillig buses recently acquired and the five articulated buses ordered for regular fixed-route service would be funded by federal formula grants (80 percent federal and 20 percent local match). Consequently, debt would not be issued until the purchase of the BRT vehicles.
- \$100,000 was moved from a placeholder position in Park & Ride development into passenger boarding improvements in order to replace the River Road Station roof.
- Costs for the new Springfield Station have not been changed despite the bid opening results that suggest lower total project funding requirements. Earmarked funding could be used for buses and bus-related items.

Ms. Lauritsen wanted input from the community regarding the BRT vehicle.



Ms. Hocken asked if neighborhood buses would be used to connect to the BRT pilot corridor. Mr. Pangborn stated that the neighborhood buses (#27 Fairmount) for Phase 1 are already in place. The neighborhood buses listed in the CIP for 2009-2010 are for Phase 2 Pioneer Parkway. Ms. Hocken stated that certain decision makers liked the idea of smaller neighborhood buses. Mr. Pangborn stated that the Breeze route needs to be looked at since there will be duplication of service with BRT. Future discussions would look at reconfiguring service in Springfield for more feeder loop service into the Pioneer Parkway ahead of Phase 2 implementation.

Ms. Hellekson stated that there is sufficient funding for BRT in the short term. However, we have limited ability to borrow against our own assets. We may have to look at some other form of local subsidy that involves bonding beyond borrowing against payroll taxes. One option is a property tax backed capital bond, which would require an election. Another option would be revenue bonds through the state, which would require a long lead time.

Mr. Gaydos asked to be kept apprised of these options. Ms. Hellekson stated that LTD's bond counsel and financial advisor would be willing to meet with the Finance Committee.

Mr. Gaydos suggested hearing from TriMet regarding their bond issuing experience.

The Committee approved forwarding the draft CIP to the full Board in June 2003.

## **VI. LONG-RANGE FINANCIAL PLAN (LRFP)**

Ms. Hellekson stated that the LRFP included in the agenda packet showed 8 years instead of the full 20-year plan. Changes included the following:

- Deficit spending in the General Fund in order to fund the resumption of transfers from operations to capital
- Transfers from the General Fund to the Capital Fund beginning in FY 2004-2005 in amounts equal to match federal formula funds that are assumed to become available for each year
- Slightly higher payroll tax receipts in FY 2002-2003

She noted that staff do not yet have a strategic plan on how to achieve an increase in revenue and/or a reduction in expenses to maintain appropriate reserves.

Funding is needed in Years 5-7 to fund future phases of BRT. Mr. Pangborn stated that there is less than a 40 percent chance that Congress will pass reauthorization of TEA-21. They may authorize an extension of the current bill, which could take another year.

Ms. Hellekson stated that a decision on an earmark request, which includes the Pioneer Parkway federal portion of the project, should be known by November 2003.

Mr. Gaydos recommended identifying where we could gain efficiencies. He asked if operating costs would be less with the implementation of Phase 1 BRT. Ms. Hellekson was unsure if there would be a cost savings. Ms. James noted that there are no additional dollars for the BRT Pioneer Parkway corridor, which will be new service.

In response to a question from Ms. Hocken, Ms. Hellekson stated that no assumption was made regarding an increase of the payroll tax rate. Should that change pass in the Legislature and the economy improves, full phase-in could produce an additional \$3 million a year.

Mr. Gaydos recommended that the Human Resources Committee start strategizing for the upcoming ATU labor negotiations.

The Finance Committee approved forwarding the draft LRFP to the full Board in June 2003.

#### **VII. COMMITTEE WORK PLAN**

Ms. Hellekson asked if the Finance Committee would be interested in looking at changes to the Fare Policy as it is revised to include BRT services. The Committee preferred that the BRT Board Committee discuss those issues.

Mr. Gaydos wanted to monitor the effects of the last fare increase. Ms. Hellekson responded that revenues have been soft but revenues have started to increase.

The Committee also wanted to have an opportunity to review financial and benefit offers during ATU contract negotiations, other sources of revenues and bonds, and the pension plans.

#### **VIII. OTHER BUSINESS**

Ms. Hellekson stated that the actuaries for the pension plans have reported that both plans will require big increases in funding effective July 1, 2004. The administrative plan will jump from 11.6 percent of wages and contributions to 15 percent; the ATU plan will jump from \$1.74 to \$2.04 an hour.

Mr. Pangborn stated that an independent assessor determined that the investments were sufficiently diversified. He added that the trustees were looking at having the Board becoming the trustees of the administrative plan only. The investment strategy would remain the same for both plans.

#### **IX. ADJOURNMENT**

There was no further discussion and the meeting adjourned at 5:13 p.m.

(Recorded by Chris Thrasher, Lane Transit District)