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Public notice was given to *The Register-Guard* for publication on September 14, 2003.

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

**September 16, 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 JUNE 3, 2003, MEETING	2
IV. LEGISLATIVE UPDATE/PAYROLL TAX CHANGES (Linda Lynch)	6
V. ATU CONTRACT NEGOTIATION PREPARATION (Ken Hamm)	19
VI. BRT FINANCING OPTIONS (Diane Hellekson & Carol James)	20
VII. OTHER BUSINESS	
VIII. 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: September 16, 2003

ITEM TITLE: Bus Rapid Transit Financing – Future Phases

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

ACTION REQUESTED: None

BACKGROUND: As part of the Capital Improvements Program (CIP) and Long-Range Financial Plan (LRFP) discussions at the June 3, 2003, Finance Committee meeting, the potential for identifying new, locally controlled revenue sources was brought to the Committee's attention. Local match for future federally funded bus rapid transit (BRT) corridors and other major projects will likely exceed Lane Transit District's ability to self-finance or debt finance the amounts required. Should federal matching requirements change from the current 20 percent rate to a higher match, the need will become greater.

Committee members directed staff to begin an education process in order to prepare Board members for a consideration of alternative financing options. Because LTD has little or no experience in using alternative financing, it was suggested that staff use TriMet as a resource. TriMet considered a variety of options for its Westside Light Rail project and has been willing to share its analysis and experience.

The attached Bus Rapid Transit Financing list is a summary of options that TriMet considered viable when it undertook to raise significant amounts of new local revenue for the rail project. The meeting discussion will focus on familiarizing Committee members on the options and steps necessary should one or more of the options be recommended for BRT financing in the future. There is a substantial lead time required for all of them, particularly those requiring a vote of District residents. Should Committee members so request, future meetings can focus on the specific requirements of the options, including timelines and upfront costs. Familiarity with local financing options will likely be helpful to the strategic planning work sessions scheduled for November 6 and 7.

ATTACHMENTS: Bus Rapid Transit Financing – Locally Controlled Options

BUS RAPID TRANSIT FINANCING

Locally Controlled Options

- **Personal and/or corporate income tax**
 - Collected by State of Oregon.
 - Probably would require a vote of District residents, which would require definition of District voters by Lane County Elections Division.
 - TriMet considered it, but local leaders believed use was more appropriate for schools and social programs.

- **Real estate transfer tax**
 - Assessed as percentage of value of property exchange as measured at county records office.
 - Collected by Lane County Deeds and Records.
 - Potential for referral to voters again requiring definition of District by Lane County Elections Division.
 - TriMet considered it but found substantial opposition in the Portland area.

- **Street maintenance fee assessed on real property**
 - Either added to property tax bill or collected by utilities.
 - Easiest would be to share in fees levied by cities.
 - TriMet did not consider this option in financing Westside Light Rail project. "Too many jurisdictions to deal with."
 - Legal opinion required to determine if LTD has authority to assess on its own.

- **Share of local fuel tax or additional local fuel tax dedicated to transit**
 - Easiest would be to share proceeds from tax imposed by cities' authority.
 - LTD unlikely to be able to levy on its own without change to ORS.

- **Share of county road funds**

- **Surcharge on parking fines and/or fees**
 - Cities would likely need to implement surcharge.
 - TriMet considered it but determined potential revenue too small to justify the administrative fees and other costs of collecting it.

- **Local Improvement District(s) (LIDs)**
 - Special assessment districts formed with support of property owners within the improvement district.
 - Approach might work for large, single property developments like PeaceHealth or small neighborhood projects like the Amtrak Station.
 - Establishment of LID requires support of 51% of property owners.

- **System development charge**
 - Fee assessed to developers for additional capacity required when development brought on line.
 - Legal question as to whether or not LTD has authority to do this without additional ORS language.

- **Property taxes to support general obligation capital construction bonds**
 - Would require definition of District voters and then voter approval of each bond issue.
 - TriMet had to work with all three Portland metro counties to get their district defined in order to get approval for bonds for Westside Light Rail project.

FINANCE COMMITTEE AGENDA ITEM SUMMARY

2

DATE OF MEETING: September 16, 2003

ITEM TITLE: ATU Contract Negotiation Considerations

PREPARED BY: Ken Hamm, General Manager

ACTION REQUESTED: None

BACKGROUND: As Committee members are aware, LTD is in the final year of a four-year agreement with Amalgamated Transit Union 757 covering drivers, maintenance workers, and Guest Services Center staff. Committee members have expressed an interest in becoming involved in the early preparations for negotiations. Staff believe that it would be helpful to discuss roles, responsibilities, and expectations at this meeting, as well as to begin consideration of the policy direction that will shape management's position in the negotiations.

ATTACHMENTS: None (there may be a handout at the meeting)

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-02033

**Please publish the following legal publication on Sunday,
September 14, 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, September 16, 2003, at 4 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene (in Glenwood). Items for discussion include a legislative update, payroll tax changes, ATU contract negotiation preparation, and bus rapid transit financing 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).

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AGENDA ITEM SUMMARY

DATE OF MEETING: September 16, 2003

ITEM TITLE: Legislative Report

PREPARED BY: Linda Lynch, Government Relations Manager

ACTION REQUESTED: Information only

BACKGROUND: There are fiscal implications resulting from actions of the state legislature. The most significant is probably the ability to increase the rate of the payroll tax, if the Board so chooses. The most immediate may be that special transportation services appear to be fully funded at the state level, and the FY 04 LTD adopted budget assumes or prepares for a cut in state funding. "Fully funded at the state level" means at the same level as the last biennium before budget cuts. It does not mean that the state fully funds the service.

Attached is a sample packet that was provided to legislators, providing our view of what the payroll tax bill would do, including some letters of support.

Also attached is the Legislative Revenue Office explanation and estimate of income. Their estimate is written in biennial numbers and assumes immediate (January 1, 2004) implementation of the tax rate increase.

The LTD staff analysis produces lower estimates but also assumes no growth in local payrolls, no inflation, and no changes. Staff estimates that a .001 increase to the already .006 tax (making it a total of .007) would generate \$2,686,850 per year by the tenth year.

Phased in evenly over ten years, the increased revenue would be:

Year 1: .0001 (or .0061 total tax rate)	\$ 268,685
Year 2: .0002 (or .0062 total tax rate)	\$ 537,370
Year 3: .0003 (or .0063 total tax rate)	\$ 806,055
Year 4: .0004 (or .0064 total tax rate)	\$1,074,740
Year 5: .0005 (or .0065 total tax rate)	\$1,343,425
Year 6: .0006 (or .0066 total tax rate)	\$1,612,110
Year 7: .0007 (or .0067 total tax rate)	\$1,880,795
Year 8: .0008 (or .0068 total tax rate)	\$2,419,480
Year 9: .0009 (or .0069 total tax rate)	\$2,418,165
Year 10: .001 (or .007 total tax rate)	\$2,686,850

There may turn out to be some funds available for vehicle replacement and transportation demand management strategies, but no decision has yet been made about how those funds will be distributed.

RESULTS OF RECOMMENDED ACTION:

None at this time

ATTACHMENT:

Support for Senate Bill 549 information packet
Revenue Committee Staff Measure Summary – SB 549A
Revenue Impact of Proposed Legislation
HB 3183, Enrolled (includes provisions of SB 549A)

PROPOSED MOTION:

None

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

September 16, 2003

Pursuant to notice given to *The Register-Guard* for publication on September 14, 2003, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on September 16, 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 4:05 p.m.

II. ROLL CALL

Ms. Hocken noted that she and Ms. Lauritsen were present. The following LTD staff also were present: Diane Hellekson, Ken Hamm, Mark Pangborn, Linda Lynch, Mary Neidig, and Carol James (arriving at 4:15 p.m.).

III. APPROVAL OF MINUTES

Ms. Lauritsen moved, seconded by Ms. Hocken, to approve the minutes of the June 3, 2003, meeting of the LTD Board of Directors Finance Committee. The motion passed unanimously.

IV. LEGISLATIVE UPDATE

Ms. Lynch, government relations manager, referred the committee to the agenda packet for a summary of the payroll tax increase, which recently was approved by the Legislature. LTD staff analysis produced lower estimates but also assumed no growth in local payrolls, no inflation, and no changes. Staff estimated that a .001 increase to the already .006 tax would generate \$2,686,850 per year by the tenth year.

Ms. Lynch stated that Ms. Lauritsen had asked for material to create a one-page, white paper on the subject. To summarize the information included in the agenda packet:

- Use to leverage federal funds (like a jobs bill).
- Can show FTA there is an ability to increase local revenue in the future.

- Believed TriMet's intent is to implement first increase no sooner than January 1, 2005, as part of their full-funding grant agreement work for the next extension of MAX.
- Board must make a finding of economic recovery in the district before adoption of an ordinance to increase the tax. TriMet pledged to go back to the business community before they enacted their ordinance; LTD basically promised to do the same.

Ms. Hocken asked if there would be administrative rules on how to determine economic recovery. Ms. Lynch stated that there would not be any administrative rules; however, the Board would need to state that findings have been made. Ms. Hellekson stated that it would involve working with the local Chambers of Commerce as to the best timing and to develop economic indicators.

Ms. Hocken recommended following the same timeline as TriMet for implementation.

Ms. Lynch clarified that it still would take 10 years to implement even if implementation started five years out. The tax could only increase by .002 a year. You could increase the tax by .002 in the first year but would have no increase in the second year.

Mr. Hamm stated that sometimes economic indicators show that things are improving but unemployment has not improved. Ms. Lynch recommended keeping it simple.

(Ms. James arrived.)

Ms. Hellekson recommended an early discussion as to whether or not extra revenue should be dedicated in some way. Should it be used to preserve or enhance service? Should it be used to increase local match of federal formula funds as a transfer to capital? When is a reasonable time to assume initiation of this change?

Mr. Hamm believed that the key would be to have an agreed upon application.

(Mr. Gaydos arrived.)

In response to a question from Ms. Hocken, Ms. Lynch stated that the special transportation services appear to be fully funded at the state level. The new revenue source is the surplus of funds collected on government-issued identification (e.g., non-driver identification) issued through the Department of Motor Vehicles. In the course of the hearings on the issue, fees were raised.

Ms. Hocken asked if any were related to the income tax surcharge. Ms. Lynch replied no. Overall, transit programs are very well protected. There also may be funds available for vehicle replacement and transportation demand management strategies, but no decision has yet been made about how those funds will be distributed.

Ms. Hellekson stated that the eight-year Long-Range Financial Plan would be revised. She asked for a reasonable date for implementation of the payroll tax increase, with the earliest possible date being January 1, 2005.

Ms. Hocken's initial response was for implementation in 2005.

Ms. Lynch thought implementation January 1, 2005, was possible, which would give time to go back to the Chambers of Commerce.

In response to a question from Ms. Hocken, Ms. Hellekson stated that the Board of Directors have passed ordinances in the past that raised and lowered the tax rate. It has been stable at .006 (the cap) since October 1994.

Mr. Gaydos believed waiting until 2007 to implement a tax increase may create less of a political storm since bus rapid transit (BRT) would have been in operation for a year. He asked to see figures for both 2005 and 2007 implementation dates.

Ms. Lynch stated that the business community would probably be interested in knowing who pays the payroll tax and how many are in each category.

V. HEALTH INSURANCE ARBITRATION RULING

Ms. Neidig, director of human resources, stated that a ruling was made in response to the grievance filed by the Amalgamated Transit Union (ATU) in regards to health insurance premium contributions:

1. Based on verbal commitments that were made during the last contract negotiations, LTD should not have charged union employees health insurance premiums. Therefore, all employees, including administrative employees, will be reimbursed for out-of-pocket premiums they paid for the last 15 months.
2. Since employees voluntarily moved between health insurance plans, LTD is not obligated to reimburse employees for out-of-pocket costs.

Employees will receive reimbursements in their October 3 paychecks. A decision is yet to be made whether to allow an open enrollment period to allow employees to switch back to the managed care plan.

In response to a question from Ms. Lauritsen, Ms. Neidig stated that the verbal commitment is good through the end of the contract period (June 30, 2004).

The Amalgamated Transit Union (ATU) has made an additional claim regarding an unfair labor practice. Lawyers are negotiating with the union to try to resolve the whole issue.

Ms. Hellekson noted that the trade would be expensive. The refund on the premiums is \$125,000. Carrying the folks who currently have out-of-pocket costs on premiums to the end of the fiscal year is another \$87,000. That number jumps to \$225,000 if there is an open enrollment and everyone chooses managed care. Total impact to the District is \$350,000.

Mr. Hamm stated that the savings to the District at the time of initial implementation was estimated at \$300,000.

Ms. Lauritsen stated that the Springfield Utility Board employees contribute up to \$310 per month for health care benefits.

If the unfair labor practice claim should be ruled in the employees' favor, the cost to the District could be up to \$3,000 per employee for the employees who were not in the managed care plan.

In response to a question from Ms. Lauritsen, Ms. Hellekson stated that staff were very conservative with the FY 2003-2004 budget. Since the transfer to the Special Transportation Fund will not be as high as budgeted, the Board could move appropriations of \$300,000 from that line to personnel services.

Ms. James pointed out that \$100,000 of the settlement would appear in last year's financial statements.

For budget purposes, staff would develop numbers for the different scenarios.

VI. ATU CONTRACT NEGOTIATION PREPARATION

Mr. Hamm, general manager, briefly discussed the Honolulu bus operator strike that had been in progress for four weeks, where the public was not supporting the operators. The upcoming ATU negotiations could also be tough. Staff are currently working on a strategy to cut expenses.

Mr. Hamm outlined the various teams and their roles:

- Finance Committee would create the "financial box" using the Long-Range Financial Plan.
- Human Resources Committee
- Strategy team is comprised of LTD's leadership group and Board members.
- Proposed team that goes to the negotiation table would be lead by our labor attorney, Jackie Damm, as well as Ms. Neidig, Director of Human Resources; Mark Johnson, Director of Transit Operations; and Ms. Hellekson, Director of Finance.
- The Board's role would be to keep a consistent party line.

The Board would have a chance to meet Ms. Damm at the October Board work session. Her firm has experience with the ATU. Her background is in the auto and rubber tire industry in the Midwest and the City of Stayton in the Pacific Northwest. She is effective at the bargaining table and has helped develop strategies during strikes. Other negotiators are available should the Board decide to look at other options.

The Human Resources Committee affirmed the proposed roles and team. Staff would work closely with the Human Resource and Finance Committees to keep them apprised.

We are beginning to lay the foundation with the ATU early although we cannot officially start negotiations until February 2004.

In response to a question from Ms. Hocken, Ms. Hellekson stated that retirement benefits could be part of the negotiations.

The Finance Committee liked the concept of the team with an attorney as the lead negotiator.

VII. BRT FINANCING OPTIONS

Ms. Hellekson stated that staff had done additional research into financing options for future phases of bus rapid transit (BRT). Ms. James reviewed the options that TriMet had considered viable when it undertook to raise significant amounts of new local revenue for their rail project:

- Personal and/or corporate income tax – believed use was more appropriate for schools and social programs

- Real estate transfer tax – found substantial opposition in the Portland area
- Street maintenance fee assessed on real property – did not consider this option because there were too many jurisdictions to deal with
- Share of local fuel tax or additional local fuel tax dedicated to transit – LTD unlikely to be able to levy on its own without change to ORS
- Share of county road funds – Lane County Commissioners may approve
- Surcharge on parking fines and/or fees – determined potential revenue was too small to justify the administrative fees and other costs to collect it
- Local Improvement District(s) (LIDs) – possible for smaller projects
- System development charge – question as to whether or not LTD has authority to do this without additional ORS language
- Property taxes to support general obligation capital construction bonds – would require definition of District voters and then voter approval of each bond issue

In response to a question from Ms. Hocken, Mr. Pangborn stated that county road funds could be used for exclusive BRT lanes, but he was not sure if the funds could be used to acquire right-of-way for the exclusive lanes. The County uses road funds to build bike lanes and sidewalks.

Ms. Hocken asked if the cities would statutorily be allowed to have a category that could include transit in order to access system development charges. Ms. James stated that they have the capability to do streets, sewers, and parks.

Ms. Hellekson asked if it was worth the investment now to figure out who would vote on one or more of these options in order to plan a campaign. Ms. Hocken believed it depended on the cost.

Mr. Pangborn stated that these options would need to generate 20-50 percent local match. Donation of property would qualify as local match.

In response to a question from Ms. Lauritsen, Ms. Hellekson stated that LTD has the right to issue general obligation bonds under ORS. Ms. James stated that costs for general obligation bonds are less than the other options.

Ms. Lauritsen and Mr. Gaydos preferred the first and last options.

VIII. NEXT MEETING

The next meeting was scheduled for October 21 to discuss further ATU contract negotiation preparation and review models of the eight-year Long-Range Financial Plan.

IX. ADJOURNMENT

There was no further discussion and the meeting adjourned at 5:30 p.m.

(Recorded by Chris Thrasher, Lane Transit District)
Revised 11/3/03

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