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Public notice was given to *The Register-Guard* for publication on October 23, 2005.

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

**October 25, 2005
8:00 – 9:30 a.m.**

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

AGENDA

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I. CALL TO ORDER	
II. ROLL CALL	
Davis _____ Gant _____ Kortge _____	
III. ELECT CHAIR	
IV. FARE POLICY (Andy Vobora)	2
V. PRICING PLAN (Andy Vobora)	13
VI. INVESTMENT POLICY (Diane Hellekson)	14
VII. INVESTMENT REPORT (Carol James)	
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).

LANE TRANSIT DISTRICT

**Pricing Proposal Summary
2005-2006**

TYPE OF FARE:

Cash Fare

	Current:	Proposed:
Adult	\$1.25	n/c
Youth	\$0.60	n/c
Child	\$0.60	n/c
Reduced	\$0.60	n/c
Senior	\$0.60	n/c

Passes

Adult		
1-Month:	\$35.00	n/c
3-Month:	\$95.00	n/c
Youth, Senior, Reduced		
1-Month:	\$17.50	n/c
3-Month:	\$47.50	n/c

Day Pass

Adult	\$2.50	n/c
Youth, Senior, Reduced	\$1.25	n/c

Tokens

Full Fare	\$1.00	n/c
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Shuttle Fare	\$0.50	n/c
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RideSource (Staff Proposal)

	Current:	Proposed:
Regular	\$2.50	n/c
Escort	\$2.50	n/c
Shopper*	\$2.00	n/c
<i>10 Tickets</i>	\$20.00	n/c

RideSource (STAC Proposal)

Regular	\$2.50	n/c
Escort	\$2.50	n/c
Shopper*	\$2.00	n/c
<i>10 Tickets</i>	\$20.00	n/c

*Round-trip fare

Sales Outlet Wholesale Discount

	Current:	Proposed:
Passes	Discount	Discount
0-500+	5.0%	n/c
Tokens		
0-500+	5.0%	n/c

Special Programs - not covered by ordinance

Over 80 Free Pass	Change to over 70
Summer Youth Pass - June/July/Aug	\$35.00

Group Pass

	+2.9%
Current quarterly rates:	\$10.11 taxpayer
	\$11.79 non-taxpayer
Proposed quarterly rates:	\$10.41 taxpayer
	\$12.12 non-taxpayer

LANE TRANSIT DISTRICT

**Pricing Proposal Summary
2004-2005**

TYPE OF FARE:

Cash Fare

	Current:	Proposed:
Adult	\$1.25	\$1.25
Youth	\$0.60	\$0.60
Child	\$0.60	\$0.60
Reduced	\$0.60	\$0.60
Senior	\$0.60	\$0.60

Passes

Adult		
1-Month:	\$35.00	\$35.00
3-Month:	\$85.00	\$95.00
Youth, Senior, Reduced		
1-Month:	\$17.50	\$17.50
3-Month:	\$42.50	\$47.50

Day Pass

Adult	\$2.50	\$2.50
Youth, Senior, Reduced	\$1.25	\$1.25

Tokens

Adult	\$1.00	
Other	\$0.50	Discontinue general public sales.

Shuttle Fare	\$0.25	\$0.50
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RideSource (Staff Proposal)

	Current:	Proposed:
Regular	\$2.50	\$2.50
Escort	\$2.50	\$2.50
Shopper	\$2.00	\$2.00 *
10 Tickets	\$20.00	\$20.00

RideSource (STAC Proposal)

Regular	\$2.50	\$2.50
Escort	\$2.50	\$2.50
Shopper	\$2.00	\$2.00 *
10 Tickets	\$20.00	\$20.00

*Round-trip fare

Sales Outlet Wholesale Discount

	Current:	Proposed:
Passes		
0-500+	5.0%	5.0%
Tokens		
0-500+	5.0%	5.0%

Special Programs - not covered by ordinance

Group Pass	0%	5.90%	Current quarterly rates: \$9.54/\$11.13 Proposed quarterly rates: \$10.10/\$11.79
LCC Term Pass	\$54.00	Discontinue	
Summer Youth Pass - June/July/Aug		\$35.00	

Fare Media Relationships

Current	Media Type	Adult Price	Cost per Trip*	Monthly Cost*	Percent Discount
	Cash	\$1.25	\$1.25	\$50.00	0%
	Tokens	\$1.00	\$1.00	\$40.00	20%
	Monthly Pass	\$35.00	\$0.88	\$35.00	30%
	3-Month Pass	\$85.00	\$0.71	\$28.33	43%

Proposed	Media Type	Adult Price	Cost per Trip*	Monthly Cost*	Percent Discount
	Cash	\$1.25	\$1.25	\$50.00	0%
	Tokens*	\$1.25	\$1.25	\$50.00	0%
	Monthly Pass	\$35.00	\$0.88	\$35.00	30%

* Tokens sold only to agencies. Not available to the general public.

Comparison of Fare Media Prices
UNCC Peer Group

	Adult Cash Fare	Token or Multi-Ride Card/Tickets	Daily Pass	Adult Monthly Pass	Adult Multi-Month Pass
Reno, Nevada	\$1.50	\$1.50	\$4.00	\$60.00	n/a
Santa Cruz, California	\$1.50	n/a	\$4.50	\$50.00	n/a
Tacoma, Washington	\$1.25	\$1.14	n/a	\$45.00	n/a
Lane Transit District	\$1.25	\$1.00	\$2.50	\$35.00	\$95 (3 month)
Santa Barbara, California	\$1.25	\$1.00	n/a	\$41.00	n/a
Average	\$1.01	\$0.94	\$2.68	\$33.68	
Vancouver, Washington	\$1.00	\$1.00	n/a	\$28.00	\$308 (annual)
Spokane, Washington	\$1.00	n/a	n/a	\$33.00	n/a
Lansing, Michigan	\$1.00	\$0.85	n/a	\$30.00	n/a
Fresno, California	\$1.00	\$0.85	n/a	\$35.00	n/a
Charelston, South Carolina	\$1.00	\$0.80	\$3.00	\$22.00	\$28 (40 rides)
Ann Arbor, Michigan	\$1.00	\$1.00	n/a	\$37.50	n/a
Boise, Idaho	\$1.00	\$0.90	n/a	\$36.00	\$93
South Bend, Indiana	\$0.75	n/a	n/a	\$30.00	n/a
Salem, Oregon	\$0.75	\$0.68	\$1.50	\$20.00	n/a
Olympia, Washington	\$0.75	\$0.75	\$1.50	\$25.00	n/a
Bakersfield, California	\$0.75	\$0.75	\$1.75	\$25.00	n/a
Corpus Christi, Texas	\$0.50	n/a	n/a	\$20.00	n/a

Data collected through transit district Web site information. Updated 12/04

	Adult Cash Fare	Token or Multi-Ride Card/Tickets	Daily Pass	Adult Monthly Pass	Adult Multi-Month Pass
Reno, Nevada	\$1.50	\$1.50	\$4.00	\$60.00	n/a
Santa Cruz, California	\$1.50	n/a	\$4.50	\$50.00	n/a
Tacoma, Washington	\$1.25	\$1.14	n/a	\$45.00	n/a
Santa Barbara, California	\$1.25	\$1.00	n/a	\$41.00	n/a
Ann Arbor, Michigan	\$1.00	\$1.00	n/a	\$37.50	n/a
Boise, Idaho	\$1.00	\$0.90	n/a	\$36.00	\$93
Lane Transit District	\$1.25	\$1.00	\$2.50	\$35.00	\$95 (3 month)
Fresno, California	\$1.00	\$0.85	n/a	\$35.00	n/a
Average	\$1.01	\$0.94	\$2.68	\$33.68	
Spokane, Washington	\$1.00	n/a	n/a	\$33.00	n/a
Lansing, Michigan	\$1.00	\$0.85	n/a	\$30.00	n/a
South Bend, Indiana	\$0.75	n/a	n/a	\$30.00	n/a
Vancouver, Washington	\$1.00	\$1.00	n/a	\$28.00	\$308 (annual)
Olympia, Washington	\$0.75	\$0.75	\$1.50	\$25.00	n/a
Bakersfield, California	\$0.75	\$0.75	\$1.75	\$25.00	n/a
Charelston, South Carolina	\$1.00	\$0.80	\$3.00	\$22.00	\$28 (40 rides)
Salem, Oregon	\$0.75	\$0.68	\$1.50	\$20.00	n/a
Corpus Christi, Texas	\$0.50	n/a	n/a	\$20.00	n/a

Data collected through transit district Web site information. Updated 12/04

Year-to-Date Revenue Projections Based on 2002/2003 Fare Changes

	Annual Sales	Current Price	Revenue	Projected Sales		Proposed Price	Projected Revenue	Difference
Adult Monthly	32515	\$28	\$910,420	26662	-18%	\$35	\$933,181	\$22,761
Youth Monthly	18092	\$14	\$253,288	16283	-10%	\$17.50	\$284,949	\$31,661
Reduced Fare Monthly	5984	\$14	\$83,776	5745	-4%	\$17.50	\$100,531	\$16,755
Senior Monthly	2113	\$14	\$29,582	1859	-12%	\$17.50	\$32,540	\$2,958
Adult 3 Month	1287	\$65	\$83,655	1236	-4%	\$85	\$105,019	\$21,364
Youth 3 Month	2392	\$32.50	\$77,740	1794	-25%	\$42.50	\$76,245	-\$1,495
Reduced Fare 3 Month	1153	\$32.50	\$37,473	1176	+2%	\$42.50	\$49,983	\$12,510
Senior 3 Month	628	\$32.50	\$20,410	534	-15%	\$42.50	\$22,687	\$2,277
Adult Tokens	157435	\$0.85	\$133,820	181050	+15%	\$1	\$181,050	\$47,231
Reduced Tokens	71418	\$0.42	\$29,996	78560	+10%	\$0.50	\$39,280	\$9,284
LCC Term Pass	7754	\$43	\$333,422	7521	-7%	\$54	\$406,155	\$72,733
Group Pass Revenue			\$375,000				\$457,000	\$82,000
			\$2,368,581				\$2,688,619	
Estimated Additional Revenue								\$320,038

LANE TRANSIT DISTRICT

**Pricing Proposal Summary
2003-2004**

TYPE OF FARE:

Cash Fare

	Current:	Proposed:
Adult	\$1.25	\$1.25
Youth	\$0.60	\$0.60
Child	\$0.60	\$0.60
Reduced	\$0.60	\$0.60
Senior	\$0.60	\$0.60

Passes

Adult		
1-Month:	\$35.00	\$35.00
3-Month:	\$85.00	\$85.00

Youth, Senior, Reduced

1-Month:	\$17.50	\$17.50
3-Month:	\$42.50	\$42.50

Day Pass

Adult	\$2.50	\$2.50
Youth, Senior, Reduced	\$1.25	\$1.25

Tokens

Adult	\$1.00	\$1.00
Other	\$0.50	\$0.50

RideSource (Staff Proposal)

	Current:	Proposed:
Regular	\$2.50	\$2.50
Escort	\$2.50	\$2.50
Shopper	\$2.00	\$2.00 *
<i>10 Tickets</i>	\$20.00	\$20.00

RideSource (STAC Proposal)

Regular	\$2.50	\$2.50
Escort	\$2.50	\$2.50
Shopper	\$2.00	\$2.00 *
<i>10 Tickets</i>	\$20.00	\$20.00

*Round-trip fare

Sales Outlet Discount

	Current:	Proposed:
Passes		
0-500+	5.0%	5.0%
Tokens		
0-500+	5.0%	5.0%

Special Programs - not covered by ordinance

Breeze Fare	25-cents	25-cents
Group Pass	6%	3.65%
LCC Term Pass	\$54.00	\$54.00
Summer Youth Pass - July/Aug/Sept		\$34.95

Projected Revenues Based on 2002/2003 Fare Changes

	Annual Sales	Current Price	Revenue	Projected Sales	Proposed Price	Projected Revenue	Difference
Adult Monthly	24982	\$35	\$874,370	24482	\$37	\$905,847	\$31,477
Youth Monthly	15076	\$17.50	\$263,830	14774	\$18.50	\$273,328	\$9,498
Reduced Fare Monthly	6463	\$17.50	\$113,103	6334	\$18.50	\$117,174	\$4,072
Senior/Child Monthly	1836	\$17.50	\$32,130	1799	\$18.50	\$33,287	\$1,157
Adult 3 Month	1157	\$95	\$109,915	1157	\$95	\$109,915	\$0
Youth 3 Month	2044	\$47.50	\$97,090	2248	\$47.50	\$106,799	\$9,709
Reduced Fare 3 Month	1337	\$47.50	\$63,508	1471	\$47.50	\$69,858	\$6,351
Senior/Child 3 Month	413	\$47.50	\$19,618	413	\$47.50	\$19,618	\$0
Tokens	233093	\$1.00	\$233,093	233093	\$1.25	\$291,366	\$58,273
UO Group Pass			\$583,000			\$687,000	\$104,000
Other Group Pass			\$902,000			\$929,060	\$27,060
Cash and Day Pass			\$1,381,000		1.25/\$3.00	\$1,519,100	\$138,100

Comparison of Fare Media Prices
UNCC Peer Group
Sorted by Pass Fare

	Adult Cash Fare	Token or Single Ride Fare	Daily Pass	Adult Monthly Pass	Adult Multi-Month Pass
Reno, Nevada	\$1.50	\$1.50	\$4.00	\$60.00	n/a
Tacoma, Washington	\$1.25	\$1.14	n/a	\$45.00	n/a
Santa Cruz, California	\$1.00	n/a	\$3.00	\$40.00	n/a
Ann Arbor, Michigan	\$1.00	\$1.00	n/a	\$37.50	n/a
Lane Transit District	\$1.25	\$1.00	\$2.50	\$35.00	\$85 (3 month)
Fresno, California	\$1.00	\$0.85	n/a	\$35.00	n/a
Spokane, Washington	\$1.00	\$1.00	n/a	\$33.00	n/a
Average	\$0.96	\$0.91	\$2.75	\$32.03	
Lansing, Michigan	\$1.00	\$0.85	n/a	\$30.00	n/a
South Bend, Indiana	\$0.75	n/a	n/a	\$30.00	n/a
Vancouver, Washington	\$1.00	n/a	\$3.50	\$28.00	\$308 (annual)
Boise, Idaho	\$0.75	\$0.70	n/a	\$27.00	n/a
Bakersfield, California	\$0.75	\$0.75	\$1.75	\$25.00	n/a
Olympia, Washington	\$0.75	n/a	\$1.50	\$25.00	n/a
Charelston, South Carolina	\$1.00	\$0.80	\$3.00	\$22.00	\$28 (40 rides)
Salem, Oregon	\$0.75	\$0.68	n/a	\$20.00	n/a
Corpus Christi, Texas	\$0.50	\$0.50	n/a	\$20.00	n/a
Santa Barbara, California	\$1.00	\$1.00	n/a	\$0.00	n/a

Data collected through transit district Web site information.

LTD Pricing History

Year	Consumer Price Index		Adult Cash Price		Adult Token Price		Adult Pass Price	
	Yearly Increase	Cumulative Increase	Actual Price	Percent Change	Actual Price	Percent Change	Actual Price	Percent Change
1981-82	0.00	0.00	\$0.50	0.00	\$0.40	0.00	\$18.00	0.00
1982-83	-0.62%	-0.62%	\$0.55	10.00%	\$0.45	12.50%	\$20.00	11.11%
1983-84	2.97%	2.34%	\$0.55	0.00%	\$0.50	11.11%	\$20.00	0.00%
1984-85	3.59%	5.93%	\$0.55	0.00%	\$0.50	0.00%	\$20.00	0.00%
1985-86	3.53%	9.47%	\$0.60	9.09%	\$0.50	0.00%	\$20.00	0.00%
1986-87	0.32%	9.78%	\$0.60	0.00%	\$0.50	0.00%	\$20.00	0.00%
1987-88	2.52%	12.30%	\$0.65	8.33%	\$0.50	0.00%	\$20.00	0.00%
1988-89	3.69%	15.99%	\$0.65	0.00%	\$0.55	10.00%	\$20.00	0.00%
1989-90	3.61%	19.60%	\$0.65	0.00%	\$0.55	0.00%	\$21.00	5.00%
1990-91	4.58%	24.18%	\$0.65	0.00%	\$0.55	0.00%	\$21.00	0.00%
1991-92	6.26%	30.44%	\$0.75	15.38%	\$0.55	0.00%	\$21.00	0.00%
1992-93	4.58%	35.02%	\$0.75	0.00%	\$0.65	18.18%	\$22.00	4.76%
1993-94	3.42%	38.44%	\$0.75	0.00%	\$0.65	0.00%	\$23.00	4.55%
1994-95	2.88%	41.32%	\$0.80	6.67%	\$0.65	0.00%	\$23.00	0.00%
1995-96	3.24%	44.56%	\$0.80	0.00%	\$0.65	0.00%	\$24.00	4.35%
1996-97	3.09%	47.65%	\$0.80	0.00%	\$0.65	0.00%	\$26.00	8.33%
1997-98	1.72%	49.37%	\$1.00	25.00%	\$0.65	0.00%	\$26.00	0.00%
1998-99	1.89%	51.26%	\$1.00	0.00%	\$0.75	15.38%	\$26.00	0.00%
1999-2000	2.40%	53.66%	\$1.00	0.00%	\$0.75	0.00%	\$28.00	7.69%
2000-01	3.50%	57.16%	\$1.00	0.00%	\$0.85	13.33%	\$28.00	0.00%
2001-02	2.60%	59.76%	\$1.25	25.00%	\$0.85	0.00%	\$28.00	0.00%
2002-03	3.65%	63.41%	\$1.25	0.00%	\$1.00	17.65%	\$35.00	25.00%
Total % Change								
Since 1981-82 --->		63.4%	99.5%		98.2%		70.8%	
2003-04	3.00%	66.41%	\$1.25	0.00%	\$1.00	0.00%	\$35.00	0.00%
2004-05	3.00%	69.41%	\$1.35	8.00%	\$1.00	0.00%	\$35.00	0.00%
2005-06	3.00%	72.41%	\$1.35	0.00%	\$1.10	10.00%	\$35.00	0.00%
2006-07	3.00%	75.41%	\$1.35	0.00%	\$1.10	0.00%	\$40.00	14.29%
2007-08	3.00%	78.41%	\$1.50	11.11%	\$1.10	0.00%	\$40.00	0.00%
Projected % Change --->		78.41%	118.6%		108.16%		85.08%	

Lane Transit District

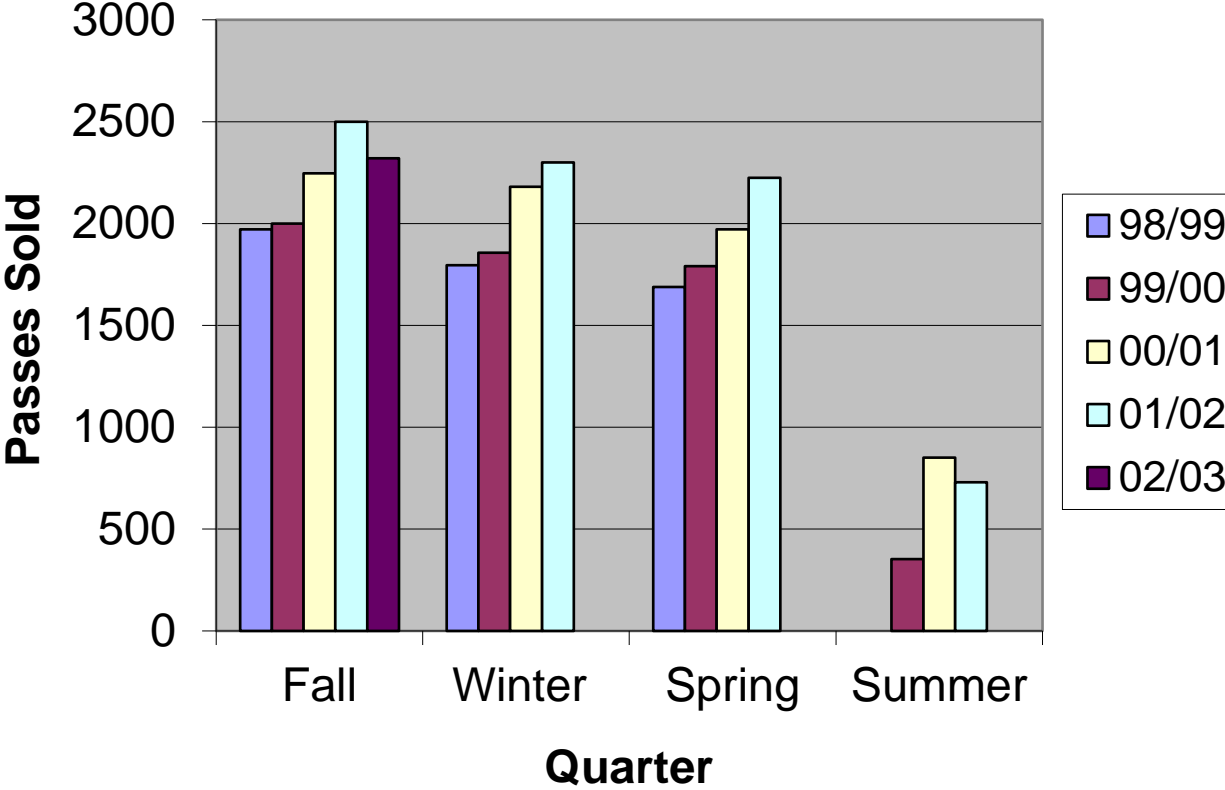
Direct Service Cost per Service Hour by Fiscal Year

For use as inflationary increase for group pass contracts.

Prepared from the Fully Allocated Cost Plan based on audited expenses for the fiscal year ending June 30, 2002

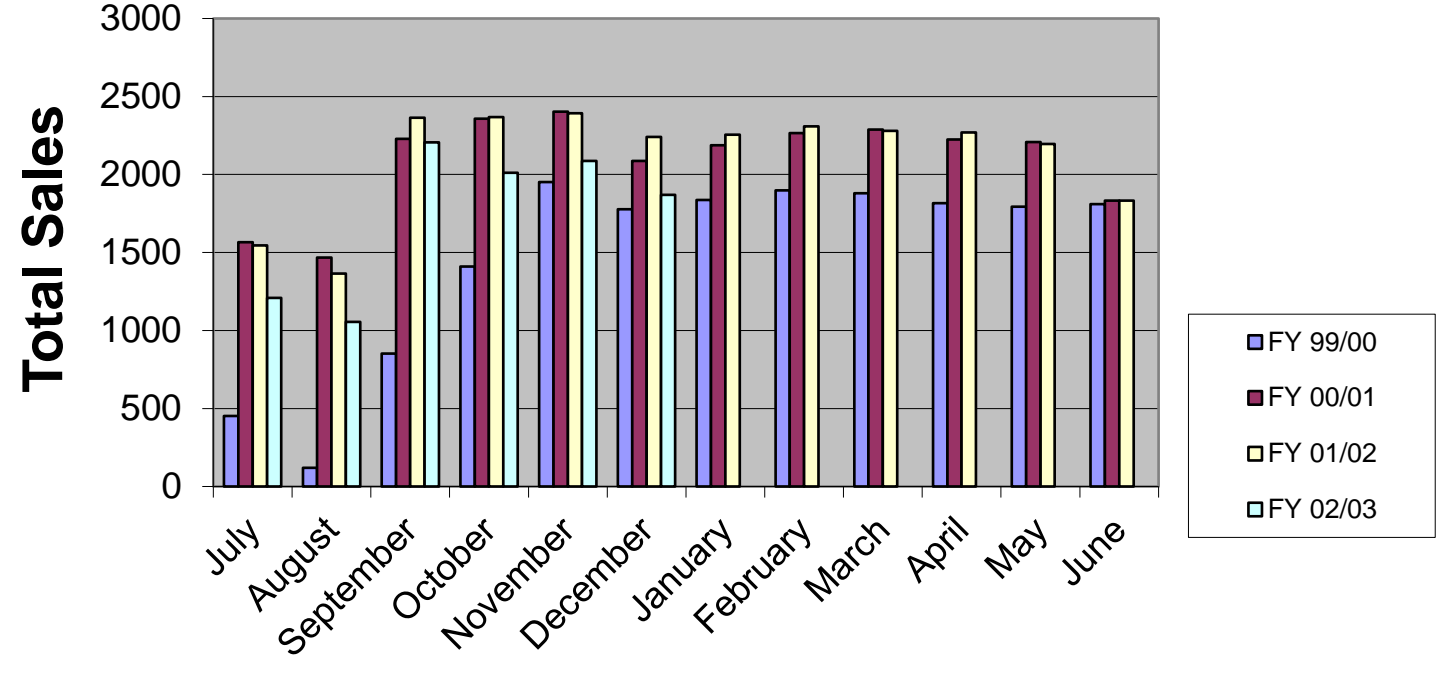
Direct Variable Costs						
Fiscal Year	Operator Cost per Service Hour	Percent Increase	Maintenace Cost per Service Hour	Percent Increase	Total Direct Service Cost	Percent Increase
FY 1994 - 1995	23.00		9.87		32.87	
FY 1995 - 1996	23.97	4.2%	10.10	2.3%	34.07	3.7%
FY 1996 - 1997	24.08	0.5%	10.89	7.8%	34.97	2.6%
FY 1997 - 1998	25.64	6.5%	10.09	-7.3%	35.73	2.2%
FY 1998 - 1999	26.63	3.9%	10.77	6.7%	37.40	4.7%
FY 1999 - 2000	27.58	3.6%	11.84	9.9%	39.42	5.4%
FY 2000 - 2001	30.84	11.8%	13.65	15.3%	44.49	12.9%
FY 2001 - 2002	31.97	3.7%	11.02	-19.2%	42.99	-3.4%
Three-Year Average FY 1997-1998, 1998-1999, 1999-2000						4.1%
Three-Year Average FY 1998-1999, 1999-2000, 2000-2001						7.6%
Three-Year Average FY 1999-2000, 2000-2001, 2001-2002						5.0%

LCC Term Bus Pass Sales





LTD Youth Pass Sales



Breeze Fare Analysis

Fall 2002

Date	CASH	TOKEN	Display DAY PASS	Purchase DAY PASS	UO PASS	GROUP PASS	LTD Monthly 3-Month Pass	OTHER	Total
10/22/2002	13	1	16	5	101	10	39	14	199
10/23/2002	13	0	19	1	62	11	20	1	127
10/24/2002	15	0	18	7	79	24	41	0	184
10/25/2002	13	0	16	0	60	9	14	0	112
Totals	54	1	69	13	302	54	114	15	622
Percentage	8.7%	0.2%	11.1%	2.1%	48.6%	8.7%	18.3%	2.4%	
	CASH	TOKEN	Display DAY PASS	Purchase DAY PASS	UO PASS	GROUP PASS	LTD Monthly 3-Month Pass	OTHER	

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
5. To promote the most independent, appropriate and cost effective service option for people with disabilities.

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 Accessible Services Advisory Committee. Typically, fare change decisions are made over the course of three Board meetings. At the first meeting, an informational presentation to the Board and a public hearing are held. 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. When making recommendations for changes to the fare, staff 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.

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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.*

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 when possible.*

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 regular fixed-route fare.

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 including collaboration with local social service agencies and charging the Americans with Disabilities Act (ADA) maximum allowable cash fare.

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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 passes or tokens since there should not be an incentive to ride RideSource more frequently. However, RideSource provides ticket books for riders at a discount that is reviewed annually 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.*

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.

~~LTD will charge the ADA maximum fare of twice the fixed-route adult cash fare for RideSource service. 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. *Changes in the fare structure should be implemented on the first day of a month, preferably in July or September.*

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.

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

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 ~~transition~~ riders to the LTD fixed route and to increase RideSource productivity.

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- 11. *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.

- 12. *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.

- 13. *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 Marketing and Communications Department will monitor application of this policy as it relates to cash fares, tokens, and standard passes, and propose revisions as necessary.

ATTACHMENTS: FARE MEDIA DONATIONS GUIDELINES
FARE DISCOUNTS (PRIVATE NON-PROFIT AGENCY PROGRAM) GUIDELINES
WHOLESALE DISCOUNTS GUIDELINES
GROUP PASS PROGRAM GUIDELINES
EZ ACCESS PROGRAM GUIDELINES

REVISED: 4/18/01
3/17/04
4/20/05

Fare Media Donations

OBJECTIVE

The District offers fare discounts for purposes of joint marketing promotions and to support community activities. Donations will occur in the form of fare media and gift certificates. Examples include gift certificate to local school fundraising events and the donation of bus passes to organizations. (For example, Mobility International USA, that host delegates who come to our community to learn about accessibility.

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APPLICATION

The following guidelines apply to all fare media donations.

PROGRAM GUIDELINES

Donations of both fare media and gift certificates will be handled through LTD Customer Services. Any community group may request a donation. The LTD Director of Marketing and Communications or the Customer Services Supervisor will review the request and determine the benefit to the District. Upon approval, the Customer Services staff or Marketing and Communications secretary will issue a certificate or the appropriate fare media. Authorization for free fare media must be given in writing (email), by the Customer Services Supervisor or an LTD manager. Requests for fare media to be used for internal employee displays may be authorized by an LTD Marketing Representative.

MAINTENANCE

The Marketing and Communications Director is responsible for a semi-annual report of donations. This report will be forwarded to the LTD General Manager for review.

Fare Discounts

Private Non-profit Agency Program

OBJECTIVE

The District offers private non-profit agencies the opportunity to purchase LTD fare media at a 50 percent discount. This discount is granted in recognition of a community need for transportation services for individuals and families who are working with these agencies to seek employment, housing, and medical services.

APPLICATION

This policy applies to any private non-profit (501-3-c) agency who wishes to purchase fare media from LTD.

PROGRAM GUIDELINES

Eligibility determination is conducted by Lane Transit District. Agencies wishing to participate may complete the necessary application at LTD Customer Services. Upon successful certification, agency staff may call LTD Customer Services to place a fare media order.

Agencies are eligible for a 50 percent discount toward the purchase of \$300.00 of fare media per month.

MAINTENANCE

The Director of Marketing and Communications is responsible for monitoring and making recommendations for modifications to this policy. A semi-annual report of program use will be produced and forwarded to the LTD General Manager for review.

Wholesale Discounts

OBJECTIVE

The District offers private retail sales outlets and public agencies a wholesale discount on the purchase of fare media. This discount recognizes that these organizations play an important role in the distribution of fare media to LTD customers.

APPLICATION

This policy applies to all private retail outlets that LTD chooses to contract with for the sales of fare media. All public agency purchases will be issued according to the same discount structure.

PROGRAM GUIDELINES

LTD offers a 5 percent discount on the purchase of fare media for private retail sales outlets who purchase fare media for their customers. Monthly passes will be consigned.

MAINTENANCE

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

Adopted 2/85
Revised 6/86
Revised 6/87
Revised 2/98
Revised 2/01
Revised 1/02

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Q:\Reference\Board Packet\2002\01\Regular Mtg\Fare policy.doc

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 an annual 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.

Group pass programs attempt to:

1. Increase ridership and ridership productivity (rides per service hour);
2. Maintain or increase the farebox to operating cost ratio; and
3. Decrease the cost per trip.

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. Includes at least 10 individuals
2. 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.
3. 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 operating costs realized by the District. 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

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.

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.

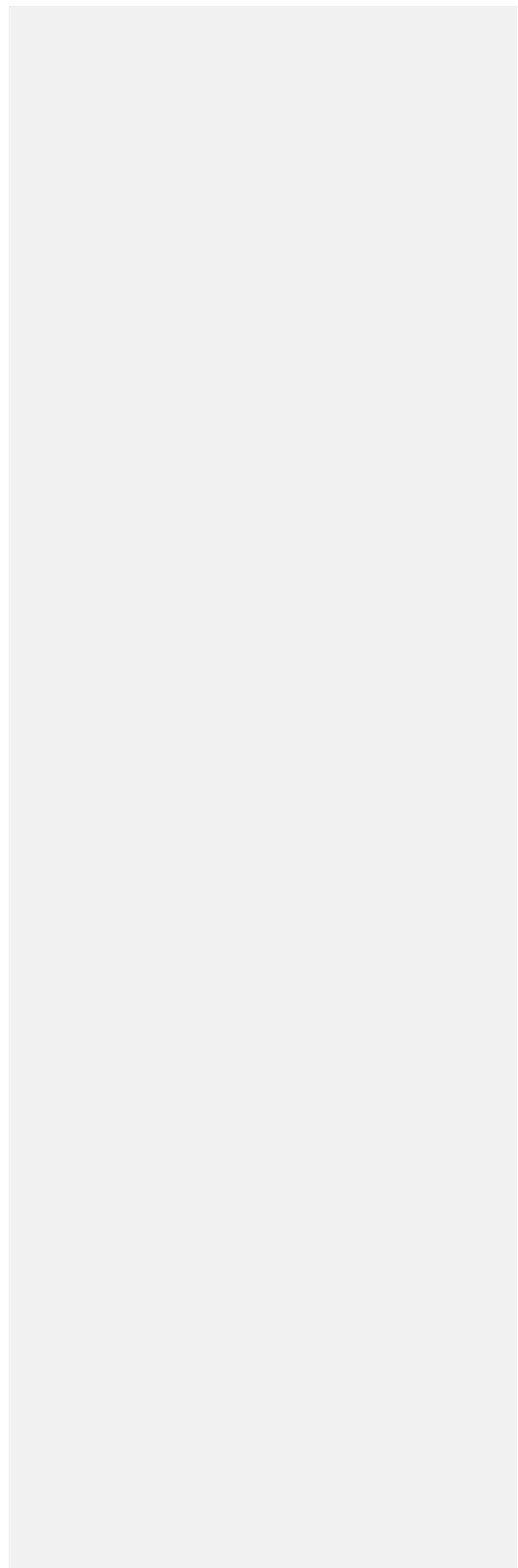
MAINTENANCE

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

LTD Fare Policy

Page 10

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EZ Access Half-Fare Program

OBJECTIVE

To provide reduced fares for seniors and people with disabilities in cooperation with the Federal Transit Administration's half-fare requirements.

APPLICATION

This program applies to all qualified individuals who are eligible according to the guidelines contained in the EZ Access program.

PROGRAM GUIDELINES

LTD's EZ Access program provides half-price discounted bus fares to people aged 62 through 69 and to customers with disabilities. People who are 70 years old and older ride free.

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Who qualifies for the half-fare program?

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1. Persons aged 62 and older
2. Medicare cardholders
3. Persons who receive Supplemental Security Income (SSI), *based on disability*, or Social Security Disability (SSD) benefits, as long as they continue to receive these benefits
4. Veterans who are disabled, who receive a determination of at least 50 percent permanent disability or a non-service connected pension as determined through the Veterans Administration
4. People who meet the Federal Transit Administration's (FTA)¹ definition of disabled: *"disabled persons means any individual who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary disability, are unable, without special facilities or special planning or design to utilize mass transportation and services as effectively as persons who are not so affected."* See page 4 for special assistance categories.

What do I need to have to show that I qualify?

Eligibility: These following proofs will qualify you for the program:

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1. Medicare card
2. Official verification of age (valid driver's license, passport, State ID card)
3. Letter of Authorization that you receive Supplemental Security Income (SSI) or Social Security Disability (SSD) benefits
4. Letter of Authorization signifying eligibility for participation in programs established specifically for people with disabilities through Lane County Developmental Disabilities

¹ FTA is a department of the United States Department of Transportation

Services, Lane County Mental Health, Senior & Disabled Services, or Vocational Rehabilitation.

- 5. Verification of eligibility for local Projects for Assistance in Transition from Homelessness (PATH) or Homeless Outreach Projects and Evaluation (HOPE)
- 6. Verification that you receive benefits from the Veterans Administration at a 50 percent disability level or greater, or receive a disability pension from the VA

Disability Verification: If you do not have of proof of eligibility listed, then you need to verify that your disability requires *special facilities or special planning or design to utilize mass transportation* by completing the section (page 4) of the application.

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MAINTENANCE

The Accessible Services Manager is responsible for monitoring and making recommendations for modifications to the half-fare program.

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Appendix I.

Oregon Revised Statutes – Chapter 294

294.035 Investment of surplus funds of political subdivisions; approved investments. Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in this section. However, the custodial officer of any county shall make no such investment of funds belonging to any municipality, political subdivision or school district, unless and until the custodial officer has received a written order from the governing body of the municipality, political subdivision or school district to which the funds belong, which order authorizes the custodial officer to invest the funds, and which order has been spread upon the minutes or journal of the governing body. This section, however, shall not limit the authority of the custodial officer to invest surplus funds in other investments when the investment is specifically authorized by another statute. Investments authorized by this section are:

- (1) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States government.
- (2) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
- (3) Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
- (4) Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008 that maintain a head office or a branch in this state.
- (5) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

- (6) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.
- (7) Trusts in which deferred compensation funds from other public employers are pooled, if:
- (a) The purpose is to establish a deferred compensation plan;
 - (b) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;
 - (c) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and
 - (d) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public employer, issued by a company authorized to do a surety business in this state and in an amount that is not less than 10 percent of the value of such assets.
- (8)(a) Banker's acceptances, if the banker's acceptances are:
- (A) Guaranteed by, and carried on the books of, a qualified financial institution;
 - (B) Eligible for discount by the Federal Reserve System; and
 - (C) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.
- (b) For the purposes of this subsection, "qualified financial institution" means:
- (A) A financial institution that is located and licensed to do banking business in the State of Oregon; or
 - (B) A financial institution that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.
 - (c) A custodial officer shall not permit more than 25 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in banker's acceptances of any qualified financial institution.

(9)(a) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this subsection does not include banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

(b) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

(c) Notwithstanding paragraph (b) of this subsection, the corporate indebtedness must be rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

(A) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(B) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in subsection (8) of this section, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in subparagraph (A) of this paragraph.

(d) A custodial officer shall not permit more than 35 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and shall not permit more than five percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

(10) Securities of any open-end or closed-end management investment company or investment trust, if the securities are of the types specified in subsections (1) to (3), (8) and (9) of this section and if the investment does not cause the county, municipality, political subdivision or school district to become a stockholder in a joint company, corporation or association. A trust company or trust department of a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in any open-end or closed-end management investment company or investment trust for which the trust company or trust department of a national bank or an affiliate of the trust company or trust department of a national bank acts as investment adviser or custodian or

provides other services. However, the securities of the investment company or investment trust in which such funds are invested must be of the types specified in subsections (1) to (3), (8) and (9) of this section and the investment must not cause the county, municipality, political subdivision or school district whose funds are invested to become a stockholder in a joint company, corporation or association. For purposes of this subsection, companies are affiliated if they are members of the same affiliated group under section 1504 of the Internal Revenue Code of 1986 (26 U.S.C. 1504).

(11) Repurchase agreements whereby the custodial officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in subsection (1) of this section shall be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the custodial officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885. [Amended by 1957 c.53 s.1; 1957 c.689 s.1; 1965 c.404 s.1; 1973 c.157 s.1; 1973 c.288 s.1; 1974 c.36 s.9; 1975 c.359 s.3; 1977 c.300 s.1; 1981 c.804 s.84; 1981 c.880 s.13; 1983 c.456 s.2; 1985 c.256 s.2; 1985 c.440 s.1; 1985 c.690 s.2; 1987 c.493 s.1; 1991 c.459 s.379; 1993 c.59 s.1; 1993 c.452 s.1; 1993 c.721 s.1; 1995 c.79 s.102; 1995 c.245 s.2; 1997 c.249 s.91; 1997 c.631 s.446; 1999 c.601 s.1]

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-04856

**Please publish the following legal publication on Sunday,
October 23, 2005.**

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, October 25, 2005, at 8:00 a.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene (in Glenwood). Items for discussion include Fare Policy, Pricing Plan and investment report.

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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Lane Transit District

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

*3500 East 17th Avenue
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Internet: www.ltd.org*

Lane Transit District Investment Policy

Revised November 15, 2000

Purpose

It is the purpose of this policy to establish and provide guidelines for the safe and efficient management of Lane Transit District funds and the purchase and sale of investment instruments. The goal is to minimize risk and ensure the availability of cash to meet expenditures, while minimizing the occurrence of idle funds.

Objectives

LTD's investment objectives are:

- (1) Preservation of capital and the protection of investment principal.
- (2) Conformance with all federal and state statutes and this investment policy.
- (3) Maintenance of sufficient liquidity to meet operating requirements.
- (4) Diversification to avoid unreasonable risks.
- (5) Attainment of an investment return appropriate for the portfolio. (The State of Oregon Local Government Investment Pool [LGIP] shall be the performance yardstick.)

Authority

The Finance Manager shall be the portfolio manager. The Finance Manager may delegate some or all of the day-to-day operations of the investment portfolio to appropriate Finance Department staff.

The standard to be used in managing the portfolio is the prudent investor rule:

Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Staff acting in accordance with this policy and exercising due diligence will not be held personally responsible for a specific security's credit risk or market price change. When changes in market conditions or credit ratings occur, appropriate action must be taken to control adverse developments.

Authorized Financial Institutions and Dealers

The LTD Finance Department will maintain a list of all authorized dealers and financial institutions that may be used for investment purposes. Security purchases will be limited to this list of service providers. The Finance Manager will establish procedures and criteria for selection of financial institutions. Financial institutions must have a branch in Oregon in order to be considered. In order to be approved, financial institutions and service providers must provide the most recent financial statements or Consolidated Report of Condition and a summary of qualifications of the individuals with whom LTD would transact. The list of approved service providers will be reviewed at least once per year with the Finance Committee of the Board of Directors, or more frequently if Committee members so request.

Selection of Investments

The LTD portfolio manager will obtain telephone or written quotes before purchasing or selling an investment. The manager will select the investment that provides the highest rate of return within the parameters of this policy.

Safekeeping and Collateralization

- (1) Investment securities purchased by LTD will be delivered either by book entry or physical delivery and held in a segregated account for LTD's benefit by the financial institution designated as custodian. LTD may use a third-party financial institution for safekeeping and custody as deemed appropriate.
- (2) All repurchase agreements require a master repurchase agreement.
- (3) Certificates of deposit shall be collateralized through the state collateral pool as required by ORS for any amount exceeding FDIC or FSLIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

- (4) The Finance Manager shall maintain a system of written internal controls, which shall be reviewed by the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. The internal controls will be updated as system changes necessitate.

Investment Limitations and Diversification

The portfolio manager shall obtain a minimum of two quotes prior to investing surplus funds in any investment other than the Local Government Investment Pool (LGIP). Portfolio structure is limited as follows:

- (1) Investment options and portfolio structure limits by instrument are as specified by ORS 294. (See Appendix I.)
- (2) A minimum of \$1,000,000 will be invested in one or more instruments authorized by ORS 294 other than the LGIP. These instruments will be selected by safety, liquidity, and net return (priority indicated by order).
- (3) No more than \$1,000,000 will be invested in repurchase agreements at any given time.
- (4) The maximum maturity of any investment is 18 months, unless the investment is for the purpose of debt defeasance or set-aside of funds for a Board-designated capital project or projects, in which cases maturities may be extended to three years.

Reporting Requirements

The portfolio manager will provide a written investment report to the Finance Committee of the Board of Directors on a quarterly basis. This report will be mailed. In addition, investments will be reviewed annually as part of the independent audit (as always has been required) and summarized in the Comprehensive Annual Financial Report.

Attachment

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MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

October 25, 2005

Pursuant to notice given to *The Register-Guard* for publication on October 23, 2005, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 8:00 a.m. on October 25, 2005, at Lane Transit District, 3500 East 17th Avenue, Eugene.

Present: David Gant, Dean Kortge
Absent: Debbie Davis

CALL TO ORDER - The meeting was called to order at 8:12 a.m.

ROLL CALL – It was noted that Mr. Gant and Mr. Kortge were present. The following LTD staff also were present: Diane Hellekson, Ken Hamm, Carol James, and Andy Vobora.

ELECT CHAIR – Mr. Gant nominated Mr. Kortge as Committee Chair, and Mr. Kortge accepted. This was the first meeting of the Committee since its last meeting in February 2004. All members were new to the Committee.

FARE POLICY – Mr. Vobora, director of communications and marketing, reviewed the current Fare Policy. Typically, a formal plan precedes the budget process and is presented to the Finance Committee in December or January, followed by presentation to the full Board in conjunction with the service proposal. An increase in fares requires two ordinance readings, public hearings, and public outreach.

The following guidelines in the Fare Policy were discussed:

- *#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 when possible.*

Discussion: RideSource fares are at the maximum. They change in step with the fixed-route cash fare. The Committee agreed to leave as is.

- *#7 – Increases to the base fixed-route fare generally should not exceed 25 percent within a year.*

Discussion: Although the 25 percent benchmark has never been exceeded, Mr. Vobora believed it would be better to lower the amount. The Committee reviewed LTD Pricing History and a comparison of fare media prices with similar-sized agencies. For cash fares, LTD is in the top third at \$1.25, with the average at \$1.03; pass prices are in the middle at \$35 per month, with the average at \$33.57. Increases throughout the peer group have been in pass prices. LTD's total percentage change since 1981-82 showed 99.5 percent for cash fares, 98.2 percent for tokens, and 70.8 percent for passes. In looking at increases, Mr. Hamm noted that typically riders who pay cash fare cannot afford passes. If the cash fare were raised too high, it may cut out those people who need transportation the most. He

would rather see a pass price increase. Mr. Vobora noted that group pass rates increase yearly.

Mr. Gant wanted more research as to why the rates vary so widely among the agencies. Mr. Kortge stated that in the past, percentage ratio drove fare prices.

In the Fare Discounts section of the Fare Policy, Mr. Vobora recommended adding 501-c-19 agencies to cover veterans' groups, per a request from the American Legion Post.

In the Group Pass Program pricing section, Mr. Vobora recommended changing the language to reflect that the base rate will be increased annually, not to exceed the change in **consumer price index** (CPI), instead of using a three-year rolling average of operating costs. He noted that participating businesses are more familiar with the CPI, which drives their costs. Staff would provide comparative information at the next meeting.

The Committee discussed the feasibility of instilling zone fares. Mr. Vobora noted that LTD used to have a three-zone fare system. Staff calculations showed that if a 25-cent surcharge were applied to rural routes, the District would recognize an annual increase in revenue of \$87,474. Mr. Gant did not support a surcharge for rural areas if fares for BRT are free. Mr. Kortge believed the program would not be popular for large group pass businesses that are outside the Eugene-Springfield city limits.

Staff recommended, and the Committee approved, honoring monthly passes through the third day of the following month.

Mr. Vobora asked if the Committee would like to add language stating LTD's philosophy, such as fares will always be at the average, to help evaluate fare increases. Mr. Kortge suggested setting the 20 percent rule regarding farebox recovery as a policy, instead of a target. Mr. Vobora stated that the public would prefer incremental fare increases; however, transit agencies must cover increasing operating costs. Mr. Gant suggested including a list of bulleted points that each Board would use to evaluate recommendations for changes to fares. Staff would reword Guideline #2.

PRICING PLAN - Mr. Vobora clarified that the Pricing Proposal Summary included in the agenda packet was actually the adopted pricing plan for FY 2005-06 and was included only as a reference. The proposed Group Pass rates listed would be effective January 1, 2006.

Mr. Gant asked if other transit agencies with high fares offer large discounts for need groups. He gave the example of scholarships given at private colleges. Mr. Vobora stated that there is a vast variance.

Ms. Hellekson noted that very few transit agencies have written fare policies.

INVESTMENT POLICY – Ms. Hellekson stated that the current Investment Policy was included in the agenda packet and that that the Finance Committee would receive investment reports on a quarterly basis. Prior to November 2000, the Investment Policy was extremely conservative with the original goal being to eliminate all risk. In November 2000, the policy was revised to expand the list of authorized investments, within statute limitations, to improve returns. A requirement was also added to keep \$1 million out of the Local Government Investment Pool (LGIP) because of a three-day closure during the floods of 1996 in which no funds could be withdrawn.

Ms. Hellekson added that staff have never done a reverse repurchase agreement nor repurchase agreement because (1) they are very short term, and (2) the LGIP works fine. The Committee had no amendments to the policy.

INVESTMENT REPORT - Ms. Hellekson stated that staff have a list of private institutions with whom LTD has previously invested with good results. Ms. James distributed copies of the October 2005 Investment Report that showed the following:

	<u>Book Value</u>
LGIP at 3.58%	\$15,324,135.48
Umpqua Bank Certificate of Deposit at 4.5%	1,000,000.00
Bank of America - Federal Home Loan Mortgage Corp at 4.216%	<u>1,000,678.97</u>
	<u>\$17,324,814.45</u>

Ms. James stated that current economic indicators show an inverted yield curve, indicating a recession is coming, which means you invest short. The LGIP is a good place to keep money when the market is going down, but it does not respond as quickly as the outside when interest rates go back up. In the years 2002 and 2003, interest rates dropped to 1.25 percent for the LGIP, but private companies did not offer much better, so money was held in the LGIP. Maintenance fees for the LGIP are minimal at \$10 per month and 25 cents per transaction. Transaction limits for the LGIP are \$1.5 million on a same-day federal wire or up to \$30 million in a single ACH transaction.

The funds held by Bank of America are in the form of a six-month note issued by Freddie Mac. In current light of problems Freddie Mac is having, staff still felt comfortable holding money in this short-term note.

Mr. Hellekson stated when it is time to reinvest, staff compare CD rates, LGIP rates, and other options and will assess LTD's liquidity requirements. Ms. Hellekson and Ms. James make the final decision. Larger organizations usually employ a full-time investment person.

NEXT MEETING – The next meeting was scheduled for November 8 beginning at 7:30 a.m. if Ms. Davis' schedule allowed.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 9:00 a.m.

(Recorded by Chris Thrasher, Lane Transit District)