

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT
REGULAR BOARD MEETING/WORK SESSION

Wednesday, January 21, 2009

Pursuant to notice given to *The Register-Guard* for publication on January 15, 2009, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a regular Board meeting on Wednesday, January 21, 2009, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Mike Eyster, President
 Michael Dubick
 Greg Evans
 Gerry Gaydos
 Ed Necker
 Doris Towery
 Mark Pangborn, General Manager
 Jeanne Schapper, Clerk of the Board
 Lynn Taylor, Minutes Recorder

Absent: Dean Kortge

CALL TO ORDER/ROLL CALL – Mr. Eyster called the meeting to order and Mr. Pangborn called the roll. Mr. Eyster noted that Mr. Gaydos would arrive shortly.

PRELIMINARY REMARKS BY BOARD PRESIDENT – Director of Service Planning, Accessibility, and Marketing Andy Vobora introduced Liesl McLean from Lamar Advertising. He said Lamar handled all of the advertising on LTD's buses and Ms. McLean was the local market manager.

Ms. McLean remarked that 2008 was a good advertising year (in part because of the Olympic Trials), and she was pleased to present LTD with an overage check of \$89,795.56.

Mr. Eyster thanked Greg Evans and Angie Sifuentez for their efforts on behalf of the Rosa Parks Plaza dedication ceremony on January 19. He noted that fundraising efforts had entirely covered the expenses.

Mr. Eyster said that LTD had received recognition for its involvement in the 2008 Olympic Trials from Mayor Kitty Piercy on behalf of the City of Eugene.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA – Mr. Pangborn asked Mr. Vobora to address the issue of Wi-Fi on LTD buses.

Mr. Vobora explained that a recent article in *The Register Guard* had erroneously stated that LTD was installing Wi-Fi on buses. He said a vendor had approached the District about the possibility and had provided a demonstration of the technology to staff. Because the capital improvements

program was exhausted and staff resources dedicated to other activities, there were no plans to install the technology on buses at the present time.

BOARD CALENDARS – Mr. Pangborn reviewed activities on the new Board calendars and noted that February was a busy month.

WORK SESSION

2009 Legislative Session Preview – Assistant General Manager Stefano Viggiano introduced Chris Shultz, who represents LTD's interests at the State Legislature. He highlighted some of the LTD 2009 legislative agenda items described in the agenda packet. He said that the District was requesting state money to match federal funds for the West Eugene EmX Extension. Ideally, when combined with federal funds, those funds would pay for the entire project without the need for local funds. He said additional state funding for elderly and disabled transit was also being requested. Funding from the state had been level at \$600,000 per year for some time; nevertheless, the cost of providing those services had risen to \$2.4 million. He said that funding for paratransit services had been moved from transportation to human services and that the District was advocating for paratransit being included as a transportation funding need.

Mr. Viggiano said that an increase in the payroll tax maximum rate was part of the governor's proposal for transportation funding. He added that the legislature only established the maximum payroll tax rate; it was up to the Board to decide how much would be charged locally.

In response to a question from Mr. Necker, Mr. Shultz indicated that he was tracking several proposed increases in the cigarette tax that would pay for various health programs. He said that there would need to be consensus on the level of cigarette tax increase that would avoid having tobacco companies refer the matter to the voters. He observed that lower consumption and restrictions on smoking in public places were also factors in the equation.

Mr. Viggiano agreed that the cigarette tax was not a good long-term solution to funding paratransit. He added that there also was legislation to allow a refund of \$89,000 in property taxes that had been paid as a result of a paperwork oversight. He said the Board's discussion of a potential property tax had resulted in legislation to provide a payroll tax credit to businesses if a property tax was enacted in the future. He indicated that there was some controversy surrounding the bill and that TriMet had expressed concern that it could create confusion. He pointed out that the passage of the bill would simply put the mechanism in place without obligating the District to take any action.

Mr. Dubick and Mr. Necker agreed that pursuing property tax credit legislation was a good idea. Ms. Towery asked if there had been any discussions with the County and cities about the legislation. Mr. Viggiano said that there had been discussions with jurisdictions and that there was some concern about the District enacting a property tax.

Mr. Pangborn stressed that there would be significant opposition to a property tax from the business community without the mechanism in place for tax credits. Mr. Shultz pointed out that state law already provided a payroll tax credit against income taxes but not property taxes.

Mr. Eyster asked if any of the revenue measures would impact service cuts. Mr. Viggiano answered that the earliest the District would realize any additional funding would be 2010 and that would not be in time to affect the Fall 2009 cuts.

Mr. Schulz commented that the legislative revenue picture was bad and continued to worsen. He said that there were many new legislators who had not experienced a declining economy, but because LTD was primarily asking for the authority to help itself, the District's proposal could receive support. He said that there was likely to be a stimulus bill to fund some state capital construction projects and that there had been some discussion of a second round of stimulus benefits for other governments. If that were the case, the District would need to have projects that were construction-ready in order to be competitive for those funds.

Gateway EmX Extension Update – Mr. Viggiano used a slide presentation to illustrate elements of the project. Regarding property acquisition, he said there were 44 different acquisitions and in no case was business, building, or parking being displaced. He reported that most offers had been made and 16 purchases completed. The goal was to have all parcels available by April 15, 2009, so that the contractor could move forward. He specified that the project budget was \$41.3 million, with \$38.4 million coming from State ConnectOregon and federal Small Starts funding. The project represented an opportunity for economic stimulus because construction was beginning at a time when an influx of money and jobs was needed in the community. He indicated that there were three separate contracts for the project: one for the Gateway station, one for International Way, and one for the Pioneer Parkway corridor and stations.

Joe McCormack stated that construction drawings had been submitted to the City of Springfield for the issuance of permits, although there were some outstanding items not yet included in the drawings, including the Springfield Station modifications, public art, Q Street intersection improvements, and the link between RiverBend and International Way.

Mr. Dubick asked if the City of Springfield still had concerns with the Pioneer Parkway/Harlow Road intersection. Mr. McCormack said that LTD had originally proposed a pedestrian-activated crosswalk at the Hayden Bridge station, but that the Springfield City Council did not want a signal at the roundabout. Mr. Viggiano added that the disabled community was raising safety issues concerning the roundabout.

Mr. Viggiano reviewed the project budget and said that the International Way component was the only uncertainty. It was a favorable bidding climate and he expected bids to be at or below estimates, resulting in an overall project budget that was in good shape and included over \$2 million for contingencies. He said the goal was to begin service in late 2010.

Mr. McCormack reported that the Gateway Station project was on schedule, even though construction was suspended over the holiday season at Gateway Mall's request. He expected the station would be ready for service in mid-May 2009.

EmX Fare Machine Presentation – Information Technology Manager Steve Parrott demonstrated a fare management machine manufactured by Parkeon that was being considered for EmX service. He said Seattle was using the machines as a payment system for parking and LTD was researching the possibility of leveraging a piggyback option in a City of Seattle contract to purchase the Parkeon system. He said that the machines fit the needs of LTD's EmX stations very well. He said that the machines were typically solar-powered, but AC power would be used at EmX stations because of the much higher volume of transactions expected. He said that customers would be able to use coins, bills, and credit or debit cards for transactions. There

would be two machines at each station and a single machine on each platform. The cost of acquiring and installing 38 machines will be approximately \$850,000.

In response to a question from Mr. Evans, Mr. Parrott said that the machines would issue customers a credit in lieu of change, and the credit could be taken to the Customer Service Center for reimbursement.

Mr. Parrott noted that the financial figures were still preliminary, but serving nine percent of ridership with the machines would realize about \$500,000 of income in the first year of operation on the Franklin Boulevard segment alone. He said that the system could pay for its operational costs, and the investment would require a 20 percent match of about \$170,000 which would be returned to the District in about 13 months.

Mr. Gaydos asked about screen glare and how drivers would deal with a passenger who, for some reason, was unable to obtain a fare instrument and tried to board the bus with money instead. Mr. Parrott responded that the intent was not to be heavy-handed about implementation. He pointed out that there would be ambassadors on platforms and in stations to inform customers that fares were now being charged on EmX and to explain how the machines worked. He added that screen glare was a problem that all manufacturers confronted.

Mr. Parrott said that he expected the machines to be installed in mid-May to June and operational by July, with the official opening in Fall 2009 on the Franklin Boulevard EmX corridor.

EMPLOYEES OF THE MONTHS – The Board recognized Bus Operator Art Kennedy as the January 2008 Employee of the Month and Transit Operations Supervisor Van Snyder as the February 2008 Employee of the Month.

Mr. Eyster thanked Mr. Kennedy and Mr. Snyder for their dedication to LTD's mission and presented certificates of appreciation, checks, and pins commemorating the awards. Mr. Kennedy characterized his 36 years with LTD as a blessing. Mr. Snyder expressed his enjoyment of working for LTD.

UNITED WAY LOANED EXECUTIVE AND TEAM RECOGNITION – Director of Human Resources and Risk Management Mary Adams said that LTD had been a long-time supporter of United Way, with active employee campaigns. She introduced Bus Operator Tom Benfatti who acted as the loaned executive in 2008.

Mr. Benfatti reported that in 2007 there were 117 LTD employees who pledged a total of \$32,908, which represented a 32 percent increase over the previous year; for 2009, even with the difficult economic times, there were 167 employees who pledged a total of \$43,458, representing a 43 percent increase over 2008 pledges. He commended District employees for their support.

Ms. Towery praised Mr. Benfatti's work as a loaned executive; he had represented LTD well in the community and she added that LTD's contributions would help ensure that thousands of people receive the services they need.

AUDIENCE PARTICIPATION – Mr. Eyster explained the guidelines for providing public comment.

Carol Seaton, 1150 West 15th Street, Eugene, expressed concern that the public was unable to effect change at LTD through the Board of Directors chair. She asked how long LTD had contracted with Wackenhut Corporation for security services, how many complaints had been received during that time, and how they were processed. She wanted Wackenhut abuses, such as obtaining information from police files, investigated. She said that no one should be denied bus service simply because they walked away from a bus stop. She had been told that the head of security should not be the same person that conducted hearings because that was prejudiced. She reported that her granddaughter had been denied bus service unless she admitted having done something wrong and promised not to do it again. The granddaughter's only action had been to change her mind about riding the bus and walk away from the station. Ms. Seaton also submitted her remarks in writing.

John Williamson, 188 Pioneer Parkway #4, Springfield, listed things that he felt were "contra-survival" to LTD. He recited definitions for the following words: survive, moral, and ethical. He said a survival action was a moral action and those things that were considered contra-survival were considered immoral. He complained that employees were not complying with LTD's regulations, operating manuals, driver handbooks, and job descriptions and that meant the District's survival was in question. He cited a number of poor driving techniques that were "contra-survival" actions and observed that LTD was in chaos from top to bottom.

Charles Ruff, Oregon Country Fair, expressed concern with the 40 percent increase in charter rates. He said that the Country Fair valued its 25-year partnership with LTD and that they understood that the District had changed its special service policy to a charter service policy. He appealed to the Board to make some accommodations to the Country Fair in light of the dramatic increase in rates. He said that the Fair had not had an opportunity to budget for that expense and that charging riders meant significant changes in operations and culture. He indicated that the Fair did not charge riders because organizers wanted to keep the event affordable for low-income patrons. He understood that there had been a change in federal regulations relating to charter services, but hoped that the Board would agree to work with the Country Fair to manage the cost transition so that the increase could be implemented incrementally. He distributed a letter of support for the Country Fair's request from Congressman Peter DeFazio.

Mr. Evans explained that the Board was sympathetic to the Fair's situation, but it had little discretion under the new regulations, which were intended to "level the playing field" for private operators and allow them more access to the market by preventing public agencies from cutting them out of the business. He said LTD's mounting operational costs were also a factor.

Mr. Pangborn said charter rate pricing options could be added to the agenda as an action item. He noted that an Agenda Item Summary (AIS) with options for consideration had been distributed. Regarding Mr. Williamson's remarks, he said that there was an agenda item related to a system audit that addressed some of the issues he had raised. He said that the District's exclusionary policies were being reviewed with legal counsel as a result of Ms. Seaton's concerns.

Mr. Evans asked if private operators had expressed an interest in providing services to the Country Fair. Mr. Pangborn said that Mr. Vobora had published information on the District's website about potential charter services in 2009, based on the interest that organizations had

expressed regarding LTD's services. He stated that there had been no response from private providers within the time provided and that LTD could move forward with those services.

ITEMS FOR ACTION AT THIS MEETING

MOTION **Consent Calendar** – The Consent Calendar consisted of the minutes of the July 30, 2008, Special Board Meeting; October 13, 2008, Special Board Meeting; December 9, 2008, Canceled Board Meeting; and Budget Committee Nominations of Kay Metzger and Donald Nordin. Mr. Dubick moved adoption of LTD Resolution 2009-001: It is hereby resolved that the Consent Calendar for January 21, 2009, is approved as presented. Mr. Gaydos provided the second.

VOTE The Consent Calendar was approved as follows:
AYES: Dubick, Eyster, Evans, Gaydos, Necker, Towery (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Kortge (1)

Independent Audit Report for Fiscal Year Ending June 30, 2008 – Director of Finance & Information Technology Diane Hellekson explained that LTD was required to obtain an annual independent audit due to both state and federal requirements. She explained that the auditor worked directly for the Board and then introduced Charles Swank of Grove, Mueller & Swank, P.C. to provide the annual report.

Mr. Swank commended LTD for its strong accounting function and financial management staff. He highlighted the report contents and reviewed the Letter of Governance which provided the Board with a description of the auditor's tasks and provided the results of the audit procedures. He reported that there were no significant accounting adjustments and that management had cooperated fully and provided all requested documentation. He said that there were no findings with reference to federal or internal control deficiencies; and recommendations from last year's audit report, which were not considered internal control deficiencies, had been addressed. He commended LTD's financial operations for a job well done.

MOTION Mr. Evans moved approval of LTD Resolution No. 2009-002: Be it resolved that the LTD Board of Directors received the Independent Audit for Fiscal Year 2007-08 in December 2008, and accepts the Independent Audit Report for the fiscal year ending June 30, 2008. Mr. Gaydos provided the second.

VOTE The resolution was approved as follows:
AYES: Dubick, Eyster, Evans, Gaydos, Necker, Towery (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Kortge (1)

2009 Federal Funding Requests – Mr. Viggiano reported that LTD had participated with other local jurisdictions to develop a consolidated list of federal priorities to present to the congressional delegation. He said that this year was unique in that the list included not only the annual federal funding requests, but also requests for the reauthorization of the six-year federal surface transportation bill, which will expire on September 30, 2009. He briefly reviewed the projects that staff recommended for inclusion in the annual requests:

- Bus Replacement - \$11 million from FTA Section 5309 Bus and Bus Related funds
- Maintenance Facility Expansion - \$5.5 million from FTA Section 5309 Bus and Bus Related funds
- West Eugene EmX Extension Preliminary Engineering - \$2.5 million from FTA Section 5309 Bus and Bus related funds
- Gateway EmX Extension Construction Funding - \$4.295 million from FTA Small Starts Program

Mr. Viggiano said that the federal surface transportation bill requests were for larger projects and that funding could occur over the six-year life of the legislation. He reviewed the eight projects that staff recommended for inclusion in the funding request:

- Design and Construction of West Eugene EmX Extension - \$75 million from FTA Small Starts Program
- Renovation and Expansion of the Maintenance and Operations Facility - \$12 million from FTA Section 5309 Bus and Bus Related funds
- Environmental Analysis and Alternatives Analysis for EmX Corridor #4 - \$6.5 million from FTA Alternatives Analysis funds
- Franklin Boulevard Corridor - \$7.5 million from FTA Small Starts Program to fund LTD's portion
- Bus Replacement and Expansion - \$30 million from FTA Section 5309 Bus and Bus Related funds
- Vehicle Guidance Implementation - \$3 million from FTA Section 5309 Bus and Bus Related funds
- Park & Ride System Expansion - \$6 million from FTA Section 5309 Bus and Bus Related funds
- Elderly and Disabled Transportation Operational Funding - \$2.8 million in federal funds per year (source unspecified)

Mr. Eyster asked if there was a process in place for determining the amount of funding each jurisdiction involved in the Franklin Boulevard Corridor project would provide. Mr. Viggiano said that the corridor had been done piecemeal to this point and that there was discussion about submitting a single combined funding request. Staff were waiting for advice from congressional staff before proceeding, and it was yet to be determined which jurisdiction would take the lead in that initiative because the project spanned multiple jurisdictions.

Regarding funding for elderly and disabled transportation, Mr. Evans asked if the District had considered partnering with Lane County to join in the request for federal funds for human services. Mr. Viggiano said that it had been discussed with the congressional delegation and could be explored further.

MOTION Mr. Necker moved approval of LTD Resolution 2009-003: It is hereby resolved that the LTD Board of Directors approves the projects as recommended by staff for inclusion in the 2009 Federal Priorities book. Mr. Gaydos provided the second.

VOTE

The resolution was approved as follows:

AYES: Dubick, Eyster, Evans, Gaydos, Necker, Towery (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: Kortge (1)

Charter Pricing Options – Mr. Vobora explained the Oregon Country Fair's concerns about the recent change from a two-tier charter pricing structure to a single-tier fully allocated pricing structure. He referred to a chart in the meeting packet that provided the direct and fully allocated costs of service and two options for phasing in the fully allocated cost. He suggested that if the Board adopted a phased-in option, all of the events that were part of the Tier 2 pricing structure before the change should be included in the phased approach.

Mr. Evans said that private operators had convinced the previous federal administration that public agencies had a built-in advantage that was unfair and the rules should be changed.

Mr. Vobora said that there were few private carriers in the local area and that the largest had not indicated any interest in providing the charter services that LTD currently provided. He explained that the first option phased in the increase in an equalized way over the four-year period while the second option had a more dramatic increase in the first year, making subsequent increases less dramatic. He cautioned that the out years were only estimates of actual costs and the intent was to reach the fully allocated cost by 2012, whether that was \$147 or \$164. The phased increases represented percentages for reaching the fully allocated costs.

Mr. Evans asked if the Country Fair intended to eventually charge fares for people to ride the bus. Mr. Ruff said the Fair would work to get to the fully allocated rate, but would need time to do that. He indicated that the Fair had tried to keep the service free for social equity reasons and it would take some time to successfully make that transition.

Ms. Towery understood the social equity issue, but pointed out that the Board was faced with serious budget problems; and social equity for the District meant people getting to jobs so that they could support their families. That had to be weighed against making cultural events available to the community. She was concerned about providing basic services to people who needed them to get to and from daily life activities as opposed to services related to community events for which the District could realistically charge. She was willing to consider a phased in approach.

In response to comments from Mr. Evans, Mr. Ruff said the Country Fair Board was discussing options for charging riders, but needed time to transition to that practice. He said there was no objection to going to a fully allocated cost in a phased approach.

Mr. Dubick suggested that the cost of service could perhaps be absorbed into the price of admission to the Fair. He felt that Option 2 was a good compromise so that LTD could continue to provide the service without losing money. He said LTD could not justify subsidizing or giving away service, but the phased approach would allow the Fair to make whatever adjustments were necessary.

Mr. Gaydos, Mr. Necker, and Mr. Evans indicated they could support Option 2.

MOTION Mr. Evans moved approval of LTD Resolution No. 2009-004: Be it resolved that the Lane Transit District adopts phased Option 2 to apply to current local event charters. Mr. Dubick provided the second.

VOTE The resolution was approved as follows:
AYES: Dubick, Eyster, Evans, Gaydos, Necker, Towery (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Kortge (1)

ITEMS FOR INFORMATION AT THIS MEETING

Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2007-2008 – Ms. Hellekson recognized the contributions of Accounting Manager Carol James and Financial Services Manager Todd Lipkin in preparation of the CAFR. She encouraged Board members to review the document and highlighted the section that provided a statistical picture of the community. She focused attention to items from the Executive Summary, including continued growth of payroll tax receipts, Accessible Services' operation of a brokerage, adequate control of expenses, farebox recovery, a record for system productivity, and an unprecedented growth in ridership and revenue from fares.

Board Member Reports - Mr. Eyster reported that at its last meeting, the Metropolitan Policy Committee (MPC) had discussed transit service reductions and possible ways to avoid them. Mr. Pangborn added that Eugene, Springfield, and Lane County were willing to consider the possibility of allocating some of the federal Surface Transportation Program-Urban (STP-U) funds to LTD for capital costs during the next fiscal year.

Board Committee Assignments – There were no questions.

System Audit – Director of Transit Operations Mark Johnson reviewed the results of a system audit conducted by First Transit in September 2008. He reported that First Transit, a national firm, evaluated things including driver safety, condition of buses, cleanliness, and fare collection. The results were included in the agenda packet. He indicated that fare collection was one of the areas identified as needing improvement. He noted that in areas of safety and driving skills, the District received very high scores.

Mr. Pangborn said that the audit would be used for educational purposes at this time, but that future audits also may focus on other critical areas.

West Eugene EmX Extension Project Update – Mr. Viggiano referred Board members to the report in the agenda packet. There were no questions.

Federal Economic Stimulus Recovery Package – Mr. Viggiano related that the House of Representatives had developed an \$825 billion economic stimulus recovery package, of which \$10.1 billion was for transit. He said that \$5.4 billion would be distributed by 5307 formula, and LTD was estimated to receive about \$6 million in additional 5307 funds if the package was approved by congress. He said it appeared that the same rules would apply to the additional 5307 funds, except that no local match was required, at least half of the funds had to be contractually obligated 120 days after it was approved, and all funds had to be spent within two years. Staff had identified two potential uses for the funds: fleet maintenance and the remodeling and slight expansion of the maintenance building. He illustrated with slides some of the potential modifications to the maintenance facility. He said that when the building was originally constructed 19 years ago, it was assumed that the District fleet would only consist of 40-foot buses. The purchase of articulated buses several years ago had necessitated some modifications to the building to accommodate the longer buses. The structure was reaching capacity and would not be able to handle the planned fleet of 45 articulated buses. He described a possible phased approach to remodeling the facility that could be started with stimulus funds.

Mr. Evans asked about the maximum age of a bus. Mr. Viggiano responded that LTD typically kept buses until they were 15-16 years old (past the buses normal life expectancy). He added that the District would not make a major investment, such as an engine replacement, in a bus that old.

Mr. Lipkin indicated that the funds could be used for any costs associated with fleet maintenance, including wages for fleet staff. He said that use of the funds for fleet maintenance could meet the requirements to obligate 50 percent of the funds quickly and support job creation and retention. Mr. Pangborn said that would free up General Fund money for allocation to service.

Meeting with TriMet – Mr. Evans reported on a meeting that he and Mr. Pangborn had with TriMet's general manager and a Board member. Items included:

- Alignment of legislative priorities at the state level
- Partnership on the 2010 American Public Transit Association conference in Eugene
- Strategies for working with the local business community on transit revenue needs and increasing the payroll tax rate
- Forging enhanced board-to-board communications
- Broadening relationships with labor organizations

Mr. Pangborn felt that the first meeting had been very productive, and he looked forward to building on it and meeting in the future.

Mr. Eyster thanked Mr. Evans for initiating the collaboration with TriMet.

MOTION EXECUTIVE SESSION – Mr. Gaydos moved that the LTD Board of Directors meet in Executive Session pursuant to ORS 192.660(2)(i), to review and evaluate the employment-related performance of the LTD general manager. Ms. Towery provided the second.

VOTE The motion was approved as follows:
AYES: Dubick, Eyster, Evans, Gaydos, Necker, Towery (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Kortge (1)

The Board entered executive (non-public) session at 8:05 p.m.

RETURN TO REGULAR (OPEN) SESSION – The Board returned to regular session at 8:34 p.m.

ADJOURNMENT - The meeting adjourned at 8:34 p.m.

Board Secretary