

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

January 26, 2017

Pursuant to notice given to *The Register-Guard* for publication on January 21, 2017, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District (LTD) Board of Directors Finance Committee was held on January 26, 2017, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT: Gary Wildish, Ed Necker, and Carl Yeh.

CALL TO ORDER: Mr. Wildish called the meeting to order at 3:35 p.m.

ROLL CALL: All committee members were present. The following LTD staff attended the meeting: Aurora Jackson, Roland Hoskins, Mark Johnson, Tom Schwetz, Christina Shew, Liz Bocking, Edward McGlone, Cheryl Munkus, Debera Massahos, and Jeanne Schapper. Bill Bradley, member of the public, was also present.

MINUTES: After Mr. Necker so moved, seconded by Mr. Yeh, minutes from the December 16, 2015, meeting of the Board Finance Committee were approved by unanimous vote.

FISCAL YEAR 2017-18 BUDGET PROCESS AND TIMELINE: Ms. Shew displayed a copy of the Budget Process & Timeline chart in the agenda packet. She noted the proposed schedule for the Budget Committee, with meetings on April 19, 2017, May 10, 2017, and May 11, 2017. The Board was scheduled to hold a public hearing on the proposed budget on May 17, 2017 and adopt the final version of the budget prior to the end of June.

When asked, Mr. Necker and Mr. Yeh had no conflicts with the proposed schedule. Mr. Wildish said he was unable to attend the May Budget Committee meetings. He did not recommend adjusting the schedule because of his absence. Mr. Johnson noted the American Public Transportation Association (APTA) annual conference was scheduled May 7-10, 2017.

Consensus of Finance Committee members was that Ms. Shew should poll the Budget Committee members on the proposed dates.

Discussion turned to the location of the public hearing. Mr. Necker said that he thought it would be better to hold the public hearing at a downtown location than at the LTD Administration office. Mr. Yeh concurred. Ms. Jackson agreed to find a downtown location, possibly the Eugene Public Library, for both the proposed budget and proposed service adjustments public hearings.

EVALUATION OF FARES AND FARE POLICY: Mr. Schwetz referenced the Evaluation of Fares and Fare Policy agenda item summary in the packet. He described the major categories therein: cash fares, group pass program, and other (special events, low-income discounts, paratransit). He said that there had been no rate increase in any of the fare instruments in 2016 and no increase was recommended for 2017.

Ms. Jackson added that staff were currently evaluating fare pricing during major events against LTD's service levels, with the goal of encouraging more people to take public transportation.

Mr. Necker had several questions. What was the current fare recovery ratio? How did LTD's recover ratio compare to like services? Were all of the University of Oregon (UO) football games scheduled on the weekend? Were there gas price projections available?

Ms. Jackson replied the current fare recovery ratio was at 17 percent. She said that the goal was to increase the ratio to 20 percent.

Mr. Johnson added that LTD's rate was in the middle, average. He said that all but one UO football game in Eugene was scheduled for the weekend. The one exception was for the Friday after Thanksgiving. Speaking to projected gas prices, Mr. Johnson estimated a 10 percent increase in fuel costs over the next two years.

Mr. Yeh said that he did not support any rate increases. He advocated for cost savings to be implemented in 2017 so there would not need to be rate increases in 2018.

GOVERNMENT EMPLOYEE COST COMPARISONS: Ms. Bocking gave a PowerPoint presentation entitled, Government Employee Cost Comparison. She reviewed the purpose and process of her analysis. Two agencies were used for the comparison, Salem Keizer Transit (Oregon) and Intercity Transit (Olympia, Washington). Ms. Bocking reviewed fringe benefit categories. She said that LTD's FY2016 fringe benefit rate, as a percentage of salary, was 96.4 percent. The two largest cost drivers were health insurance and retirement. She detailed these factors and paid time off for the three agencies under analysis. She said that LTD was slightly lower than Salem Keizer Transit, but higher than Intercity Transit. Ms. Bocking explained that Washington State had a lower cost retirement system, Intercity Transit employees paid part of their insurance premium (whereas LTD employees did not), and Intercity Transit participated in a Social Security replacement plan. Ms. Bocking reviewed trends in LTD's compensation costs, noting that paid time off was relatively stable over the last four years. Retirement costs had declined due to changes in the plans and insurance premiums had an upward trend.

Committee members had questions about the insurance premiums. Mr. Wildish asked how often the plans were evaluated. He also asked about Health Saving Accounts (HSAs). Mr. Necker requested clarification on the costs cited. Mr. Yeh asked about the threshold for renegotiating the insurance coverage with the union.

Mr. Johnson said the plans were reviewed annually and if the increase exceeded ten per cent from the previous year the coverage was re-negotiated with the union. He noted that LTD offered an HSA program and that LTD's health care benefits were very good. Ms. Bocking added that the detailed health care coverage costs in the presentation were monthly.

Mr. Necker emphasized that most benefits were the result of negotiations or state/federal mandates. It was unlikely that the fringe benefit rate would decline in the near future.

FORMAT OF MONTHLY FINANCIAL REPORTS: Ms. Shew directed the Committee members to the monthly financial reports in the agenda packet. She had included current and previously used report formats for the financial and grants summaries.

All three Finance Committee members commended the latest financial summary report, Revenue and Expenditure by Fund. Mr. Wildish emphasized that the footnotes describing exceptions were especially helpful. He stated that it was important for the Board to know when financial issues were occurring. Noting that parenthesis often meant a negative number or

deficit in accounting reports, he suggested somehow indicating when the exception was on the positive side.

Ms. Shew suggested putting those outliers that were positive numbers in green type, preceded by a plus sign and those that were negative numbers in red type with a minus sign.

Turning to the Monthly Grant Report, Ms. Shew observed that the current report contained a lot of verbiage and therefore was quite long. She asked if a tabular report would be more useful.

Ms. Jackson noted one advantage of the current format was the clear relationship between projects and grants. She stated that she did not want that diminished.

Ms. Shew concurred. As she envisioned the new report, the table was to be organized by projects first, then grants.

Mr. Yeh said that he supported the proposed revised report format.

Mr. Wildish said it was important to include information on when a grant was ending so that LTD might make the necessary adjustments and allocate the remaining grant funds.

Mr. Necker agreed. He also asked for the table to include the grant number and balance remaining.

Ms. Shew offered to draft the new report format for grants for the Board's consideration. She committed to producing both the current version and the new report until the latter had been refined to meet the Board's needs.

Mr. Wildish thanked Ms. Shew for her fine work, as did the other Finance Committee members.

NEXT MEETING: No meeting was scheduled at this time. There was discussion about a possible Finance Committee meeting in July, the start of the new fiscal year. Mr. Wildish advocated for more frequent, perhaps quarterly, meetings.

ADJOURNMENT: The meeting adjourned at 2:07 p.m.

(Recorded and transcribed by Beth Bridges, Lane Council of Governments)