

MINUTES OF FINANCE COMMITTEE MEETING

LANE TRANSIT DISTRICT

Monday, July 10, 2017

Pursuant to notice given to *The Register-Guard* for publication on July 5, 2017, and distributed to persons on the mailing list of the District, the Finance Committee of the Lane Transit District held a meeting on Monday, July 10, 2017, beginning at 4:00 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

Present: Gary Wildish, Chair
Ed Necker, Secretary (via telephone at 5:55 p.m.)
Carl Yeh
Aurora Jackson, General Manager
Dwight Purdy, General Counsel
Lynn Taylor, Minutes Recorder

CALL TO ORDER/ROLL CALL: Mr. Wildish convened the meeting and called the roll.

MOTION APPROVAL OF MEETING MINUTES: Mr. Necker moved to approve the minutes of the June 12, 2017, Finance Committee meeting as presented. Mr. Wildish provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish (2)
NAYS: None
ABSTENTIONS: None
EXCUSED: Yeh (1)

CONTRACT APPROVAL – INDEPENDENT AUDIT SERVICES: Purchasing Manager Collina Washington stated that a Request for Proposals (RFP) for independent audit services had been issued and two responses received. An initial review by staff, in consultation with legal counsel, and additional research resulted in rejection of both bids; one was non-responsive and the other contained material weaknesses.

Ms. Washington said during research staff found that TriMet had recently issued an RFP for audit services and made an award in May 2017. A provision in Oregon Revised Statutes (ORS) allow for joint procurements and staff determined that the TriMet RFP and contract documents were in accordance with public contracting rules and the scope of work met LTD's needs for independent audit services. She said no significant changes could be made to contract terms and conditions when conducting a joint procurement. LTD staff contracted Moss Adams LLP, the successful respondent to the TriMet solicitation, and indicated that an additional element - preparation of LTD's Comprehensive Annual Financial Report (CAFR) - would be added to the scope of work. She requested permission to enter into a permissive cooperative agreement with Moss Adams LLP, consistent with Oregon law.

Mr. Yeh arrived at 4:05 p.m.

Mr. Necker asked if preparation of the CAFR would be added to the scope of work. Ms. Washington replied that Moss Adams was agreeable and staff was awaiting the price proposal for CAFR preparation.

Mr. Necker asked if LTD's current independent auditor had responded to the RFP. Ms. Washington said that Grove, Mueller & Swank, P.C. had responded, but the proposal contained some material weaknesses.

Mr. Wildish commented that Moss Adams was a good firm and that he was confident would provide the services LTD required.

Mr. Necker inquired about the dollar amount of the contract. Ms. Washington said, based on previous audits, the maximum amount would not exceed \$500,000.

MOTION Mr. Necker moved to forward the contract with Moss Adams LLP to the Board of Directors with a recommendation for approval. Mr. Yeh provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

CONTRACT APPROVAL – MARKETING AND COMMUNICATIONS SERVICES: Marketing Manager Meg Kester asked the committee to consider renewal of the contract with Bell and Funk for the fourth of what could potentially be a five-year period. She said the contract was for marketing, media relations, and graphics design/production support. Included in that was an ongoing ridership marketing campaign, assist with launching the EmX West line, specialized outreach, coordination of media placements, and graphic design. She said the contract renewal would be for a one-year period and not to exceed \$250,000. She said Bell and Funk was a local firm with deep knowledge of LTD and the community.

Mr. Necker noted that there were many public events in conjunction with the West Eugene service redesign, but he was concerned that many people who boarded the #41 along 8th Avenue might not be aware of that change. He asked if Bell and Funk would reach out to those people and how that change would be publicized. Ms. Kester said letting the public know about routing changes was being managed by LTD marketing and communications staff and a significant effort was under way between now and the launch of the EmX West line to inform existing riders and raise awareness of using EmX in West Eugene.

Mr. Yeh indicated he would support the contract renewal.

Mr. Wildish observed that the amount of funds involved in the contract was large. He asked if the contractor would bill on an hourly rate and what expectations staff had, such as an increase in ridership, on LTD's investment. Ms. Kester said that different types of benefits would be realized from the work. Some represented a longer term investment, such as a quantitative rise in ridership over time. She noted that the downward trend in ridership had softened and recently a slight increase was shown.

Director of Public Affairs Edward McGlone said that while the contract amount seemed large, it was actually modest for a marketing budget. He said LTD was trying to remind people of the services that were available and consider using them, but he did not expect the campaign would generate large increases in ridership. He said contract deliverables would focus on community engagements.

Mr. Yeh commented that increased ridership was not the only return on investment under the contract; the goal also was to change community perceptions. Ms. Kester agreed that marketing campaign goals also included shaping public opinion and creating a better understanding of the value of public transportation and LTD's role in the community.

MOTION Mr. Yeh moved to forward the contract amendment 2014-27-BF to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

EMERGENCY PROCUREMENT – DIAMOND EXPRESS: Ms. Washington said the emergency procurements were a reaction to the RideSource solicitation that resulted in a new provider. She said Diamond Express and Oakridge Dial-A-Ride were not a part of that solicitation. The Board was scheduled to be in recess during the month of August and the emergency procurements would allow staff to issue a solicitation so that service could begin on September 1.

Accessible Services Specialist John Ahlen said the accessible services provided by Diamond Express and Oakridge Dial-A-Ride had previously been bundled with the RideSource contract because it had been anticipated that no local providers would be interested in providing those services. The only way to assure the services were available was to bundle them with RideSource to make the contract more appealing. He said the current RideSource contractor was not interested in continuing the Diamond Express or Dial-A-Ride service after September 1. He said the proposal was for a gap contract to provide service through July 1, 2018, when formal procurement would be conducted. He said staff had contacted eligible area taxi providers to gauge interest and asked the Oregon Department of Transportation (ODOT) for a list of potential providers. He said interested providers were asked to submit an expedited proposal for services beginning September 1, 2017. He said the services were "turn key" operations and LTD was seeking a contract to provide administration and day-to-day supervision of the grant-funded programs. He said four responses had been received and the Board was being asked to approve the process so that staff could proceed with selecting a service provider.

In response to a question from Mr. Necker, Mr. Ahlen explained that the Diamond Express and Dial-A-Ride services had been separated from the RideSource contract to provide an opportunity for smaller companies to bid. Providers were being solicited separately for each service, although one provider might be interested in both contracts. For that reason the services were listed as separate agenda items. He said the 10-month Diamond Express contract was valued at \$160,000 and the 10-month Dial-A-Ride contract was valued at \$12,000. He said the intent was to try the arrangement for a limited period of time, evaluate its effectiveness and issue a formal solicitation next year.

MOTION Mr. Yeh moved to forward the request for approval of an emergency procurement to operate the Diamond Express transportation service to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None

ABSTENTIONS: None
EXCUSED: None

Mr. Wildish suggested approving the emergency procurement for Oakridge services as well.

MOTION Mr. Yeh moved to forward the request for approval of an emergency procurement to operate the Oakridge Dial-A-Ride transportation service to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

EMERGENCY PROCUREMENT – INFORMATION TECHNOLOGY SERVICES: Ms. Washington said the goal was to utilize more than one contractor because of the need for different skill sets. She said LTD's Information Technology (IT) manager and Business Intelligence analyst positions were both vacant and she anticipated awarding two or three emergency contracts in order to provide the necessary specialized services to support the District and IT staff. She briefly listed the types of work performed by the two positions. She said the services required did not lend themselves to a delineated scope of work. Staff had meetings scheduled with potential vendors in order to delve into whether they possessed the skills and capabilities staff would require, particularly to support implementation of the NOVUS software. She said individual contracts resulting from the emergency procurement could be brought back to the Board if it wished.

Mr. Necker shared information from a customer about the extremely long wait times encountered when people phoned the Call Center. He urged purchasing staff to confer with Cosette Rees and David Braunschweiger, who were responsible for those customer services, before entering into contracts. Ms. Washington said that Ms. Rees was part of the software transition triage team.

Assistant General Manager Administrative Services Roland Hoskins said software transition would combine the existing 17 separate applications into NOVUS, providing a more efficient and stable platform for communications. He said training for Call Center staff on the new software was in progress and RideSource personnel, particularly Mr. Braunschweiger, were closely involved in the transition. He explained some of the functions requiring additional IT support during the transition, such as communications among databases and financial reconciliations.

Mr. Yeh asked if the vacant positions would be filled soon. Mr. Hoskins said several candidates were being reviewed and interviews scheduled; however, filling the positions would not immediately solve the problem because of the complicated nature of the transition from 17 hand-built applications to NOVUS. He said even when those positions were filled LTD did have the need to occasionally consult with outside experts. The loss of two key positions made the need for that expertise urgent.

Mr. Wildish asked if the issue needed to come before the Board for approval. Mr. Purdy said Board approval was not required if the amount was under \$150,000. Ms. Washington said staff was requesting Board approval because it was a non-standard procurement.

Mr. Wildish said staff should not wait for Board approval when it was an emergency and the impact on LTD if no action was taken was significant. He did not want the Board to be a road block to conducting the District's business. He used the example of a broken water line that required immediate action, with the Board informed about staff actions at a later date. He appreciated staff's diligence in trying to keep the Board informed about transactions, but felt there were instances where staff could proceed and inform the Board later.

Ms. Jackson said staff would review threshold language in the policy and suggest modification if necessary. She said staff would move forward with emergency procurements and list them on reports to the Board, including justification for moving forward without Board approval.

MOTION Mr. Yeh moved to forward the request to authorize the general manager to enter into one or more emergency contracts for the provision of IT support services to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

EMERGENCY PROCUREMENT – OAKRIDE DIAL-A-RIDE: This item was approved under the agenda item related to the Diamond Express emergency procurement.

INTERGOVERNMENTAL AGREEMENT – LANE COUNCIL OF GOVERNMENTS (LCOG) SENIOR AND DISABILITY SERVICES: Ms. Washington said the contract was initially solicited for one set of services, but had evolved over the years and grown to the extent that current services differed from the original intent of the solicitation. She said the intergovernmental agreement (IGA) with LCOG would accurately reflect the nature of the services being provided now.

Mr. Ahlen said the IGA was a unique arrangement to provide transportation assessments to determine eligibility for LTD's paratransit services. He said the system was considered a model by other communities. Staff was not asking to change the arrangements; rather, to rewrite the IGA to capture the actual assessment services being provided.

MOTION Mr. Yeh moved to forward the Intergovernmental Agreement with Lane Council of Governments Senior and Disability Services for the provision of functional medical assessment to the Board of Directors with a recommendation of approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

CONTRACT – JANITORIAL SERVICES AND SUPPLIES FOR EUGENE STATION, SPRINGFIELD STATION, NEIGHBORHOOD STATIONS, AND EmX STATIONS: Ms. Washington said this item represented the three remaining pieces of a solicitation for janitorial services that had been separated into four parts in order to provide smaller companies an opportunity to bid. She said a single proposal was received and staff conducted a cost/price

analysis to determine the bid was fair and reasonable and costs were within a competitive range consistent with the market. She said outreach by staff to potential providers determined there were no impediments in the RFPs to competition. Ninfa's Elite Janitorial Services was the successful, and only, respondent. She said the agenda item summary described the services to be provided over the term of the contract. She said the three solicitations would be bundled into a single contract with Ninfa's to facilitate contract management. She said the base term of the contract was two years, with options to renew for an additional three years.

Mr. Wildish expressed disappointment with the lack of responses to the RFPs. He asked what feedback staff had received from potential vendors. Ms. Washington said there were a variety of reasons why companies did not bid on the contracts, but staff would continue to seek opportunities to utilize small and disadvantaged businesses and was working with a regional equity in contracting group to inform small businesses about opportunities and improve the solicitation process.

MOTION Mr. Yeh moved to forward the contract with Ninfa's Elite Janitorial Services to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

CONTRACT AMENDMENT – 2003-20 LANE COMMUNITY COLLEGE (LCC) GROUP PASS:
Mr. Yeh announced a potential conflict of interest because he was employed by Lane Community College. Mr. Purdy indicated that Mr. Yeh could participate in the discussion.

Ms. Kester said the contract request was for the 2017-2018 school year and would provide unlimited rides for LCC students on LTD's fixed-route service. She said it was a revenue contract anticipated to generate \$569,200 based on expected LCC student enrollment for the coming school year.

Mr. Necker noted that LCC enrollment had varied over the year and asked if there was a sense of whether it would increase or decrease from the current level. Ms. Kester said there was language in the contract that provided for some flexibility if the enrollment level varied somewhat from projections. She said the revenue was based on 5,251 students.

Mr. Yeh asked if the per student amount for the University of Oregon contract was comparable to LCC's \$18.90 per student figure. Mr. McGlone said the University of Oregon per student amount was \$16.26. The difference was due to LCC paying the non-payroll tax rate because it was an organization that did not pay the payroll tax; the University of Oregon and its student organization both paid the payroll tax.

Mr. Yeh asked if staff had research whether that as a sufficient amount of payment to provide the service. Mr. McGlone said the Board had expressed an interest in reviewing the fare policy and the group pass program could be included in that study.

Ms. Jackson said data from analyses of group fare programs was skewed because the intent was for the optimal amount of employers to participate, with the opportunity for their employees to ride, and thereby a greater portion of costs would be recovered. She said staff was

researching how to increase the number of employers with group pass agreements, rather than increasing the per passenger rate. The District benefitted when the maximum amount of employers participated, which contained costs and increased the opportunity for people to ride the bus. She said if the number of participating employers could not be increased, the District would need to consider increasing its per unit pricing.

Mr. Yeh remarked that being able to offer a lower rate on group pass programs, particularly for LCC and the University, would relieve congestion by moving students from automobiles to the bus. Mr. Wildish agreed that a review of the fare policy was timely.

Ms. Jackson asked Mr. Yeh if he would directly benefit from the LCC Group Pass Program contract. Mr. Yeh replied that as a staff member he would not be eligible for the program.

MOTION Mr. Necker moved to forward the request for approval of the LCC Group Pass Program contract amendment to the Board of Directors with a recommendation for approval. Mr. Wildish provided the second.

VOTE The motion passed as follows:
AYES: Necker, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

CONTRACT – ASSOCIATED STUDENTS OF THE UNIVERSITY OF OREGON (ASUO)

GROUP PASS: Mr. McGlone said that the ASUO Group Pass Program contract was priced at \$16.26 per person per quarter. He said graduate students were covered under a separate contract for faculty and staff and paid with University funds; the student pass program was supported by student fees. He said a portion of the contract paid for extended late night service on route #79X. The contract did allow for adjustments based on quarterly enrollments. LTD was required to report back to ASUO on student transit ridership. That was accomplished through an annual hand count of students using University identification to ride; the last count conducted during a week in the school year reported 28,000 boardings. A review of the automated passenger counter system for the #79X also provided student ridership data.

Mr. Wildish commented that 25 percent of fare revenue was derived from the LCC and University contracts.

Mr. McGlone said ASUO had determined from surveys that 15 to 25 percent of students rode the bus regularly and questioned if it was worthwhile for the entire student body to pay for those individual students to ride. He said LTD's response was twofold: the University of Oregon was the only campus in the United States without a large parking garage on site and if one was built that would come out of student fees; and if ASUO was concerned from an equity perspective, many of the students riding the bus were lower income, lived farther from campus and could not afford parking. On that basis ASUO felt the contract was worthwhile.

Mr. Necker asked how the employer group pass rate compared to the ASUO contract. Mr. McGlone said it was the same amount, \$16.26.

MOTION Mr. Yeh moved to forward the request for approval of the University of Oregon Student Group Pass Program contract amendment to the Board of Directors with a recommendation for approval. Mr. Necker provided the second.

VOTE The motion passed as follows:
 AYES: Necker, Wildish, Yeh (3)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

NEXT MEETING: Mr. Wildish said the Board would not meet in August, but he did not wish to place a burden on staff if there were items that had to be addressed. He said the new contract review process was an excellent learning experience for Board members.

Ms. Washington said that an August meeting of the Finance Committee was not necessary and the staff now had a better understanding of the Board's direction on emergency procurement. Staff had planned for the Board's August break and there were no matters pending that would need immediate attention.

ADJOURNMENT: Mr. Wildish adjourned the meeting at 5:27 p.m.

Board Secretary