

MINUTES OF LANE TRANSIT DISTRICT

BUDGET COMMITTEE MEETING

Tuesday, October 17, 2017

Pursuant to notice given to *The Register-Guard* for publication on September 28, 2017, and distributed to persons on the mailing list of the District, the Budget Committee of the Lane Transit District held a meeting on Tuesday, October 17, 2017, beginning at 4:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Scott Diehl, Chair
Kathryn Bruebaker
Gary Gillespie
Dean Kortge
Ed Necker
Don Nordin
Kate Reid
Jennifer Smith
Kim Thompson
Gary Wildish
Carl Yeh
Aurora Jackson, General Manager
Camille Straub, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: Jody Cline
Steven Yett

CALL TO ORDER/ROLL CALL: Mr. Diehl called the meeting of the Lane Transit District Budget Committee to order and called the roll.

WELCOME AND INTRODUCTIONS: Ms. Jackson thanked Budget Committee members for their attendance and willingness to devote time to the District's finances. She said the meeting would focus on the Capital Improvement Program. Previously capital and operating projects had been approved at the same time, which had made it difficult to present a comprehensive picture of the District's budget and priorities and forced some decisions to be made within a very short timeline. The new process addressed LTD's capital investments and special funds early in the fiscal year, then addressed the operating budget that included labor, materials and services in the spring. She said it was a more logical approach to the budgeting process, and would provide the committee with opportunities to delve more deeply into aspects of the budget.

AUDIENCE PARTICIPATION: There was no one wishing to speak.

MOTION APPROVAL OF MINUTES: Mr. Yeh moved to approve the Minutes of the May 16, 2017, Budget Committee Meeting. Mr. Wildish provided the second.

VOTE The motion was approved as follows:
AYES: Bruebaker, Diehl, Kortge, Necker, Nordin, Reid, Smith, Thompson, Wildish, Yeh (10)
NAYS: None
ABSTENTIONS: Gillespie (1)
EXCUSED: Cline, Yett (2)

PROPOSED FY 2018-2024 CAPITAL IMPROVEMENT PROGRAM (CIP): Director of Finance Christina Shew stated that the draft CIP had been issued for public comment on September 28, 2017, following its presentation at a Board work session. She said the public comment period would remain open until October 28 and to date no comments had been received. Any comments received, plus feedback from the Budget Committee, would be included with the CIP when it was presented to the Board for adoption at its November 2017 meeting. She said the new CIP and budget schedule described by Ms. Jackson would align with the federal fiscal year and make it easier for the committee to focus on specific aspects of the budget.

Ms. Shew reviewed the new format, which set forth details of projects and funding sources. She described the CIP development process and tiering of projects: Tier 1 projects were the highest priority, fully funded and in the budget for approval; Tier 2 projects were also priority projects for which funding had not yet been secured; Tier 3 projects addressed identified needs but funding was not identified. She said the CIP now included a section for grant-funded noncapital projects: the Point2point Fund, Medicaid Fund, Accessible Services Fund and planning. The funding summary now included details of projects and their funding sources, as well as a table of all of LTD's funding sources and links to details of those sources.

Ms. Jackson said there were a number of questions during the Board's work session about how a project moved from concept to approval and the tiering system helped to clarify that. Further details were provided in CIP Appendix C: Project Descriptions. She said a recommendation to approve the CIP meant that Tier I projects would have funds appropriated and continue to move forward. Tier II projects in the CIP would be considered approved and staff would actively seek funding for them. Tier III projects were identified needs, but not high priority at the current time; however, being in the CIP meant the Board supported the projects and if a funding opportunity arose staff would pursue it.

Mr. Gillespie asked why Glenwood Facility projects fell into all three tiers. Ms. Jackson said many of the projects were Tier I and active, with federal funding. Other aspects of the Glenwood facility improvements were still unfunded, but the needs identified.

Mr. Kortge observed that revenue vehicles were in Tier I and Tier III. Ms. Shew explained that the Tier I revenue vehicles had funding, but the CIP covered a 10-year span and the need for new vehicles in outlying years had been identified, but funding was not yet identified, hence the classification as Tier III. Ms. Jackson noted that most of the projects falling later in the 10-year CIP timeframe were Tier III at this point.

Ms. Reid commented that some of the hardware and software acquisitions were Tier III and asked if that ranking was acceptable to staff as those items related to efficiency and productivity. She questioned whether any of those items should be moved to Tier II. Ms. Jackson agreed that it would be preferable to assign a higher priority to some items, but it was difficult to obtain competitive grants for hardware/software purchases. She said staff was continuously evaluating the use of formula funds, most of which were used for vehicle purchases, and determining which needs had the highest priority. She said use of General Fund dollars was a last resort if staff determined that delaying hardware/software purchases could compromise operations.

Mr. Necker asked if there was funding for the Commerce Street Connect Bridge project. Director of Planning and Development Tom Schwetz replied that was a City of Eugene project, but was funded, along with the two bridges LTD had built, with ConnectOregon funds.

Ms. Shew explained the tables for State of Good Repair, Community Investment projects and Non-Capital Grant Funded program, along with the associated funding sources. Ms. Jackson

added that a similar format would be used for monthly reports to the Board in order to present the most comprehensive information regarding projects, funding and expenditures.

In response to a question from Ms. Bruebaker, Ms. Jackson said that all projects in FY 2018 were fully funded Tier I projects.

In response to a question from Ms. Reid, staff said that the \$98,000 under the Accessible Services Fund for mental health and homeless funded services with local agencies such as Cahoots, White Bird Clinic and Egan Warming Centers transportation.

Ms. Shew pointed out how the CIP aligned with and impacted the budget.

In response to questions from Ms. Smith and Ms. Bruebaker, Ms. Shew explained that when a project was delayed and carried into the next year the associated grant revenue and expenditures also shifted into the new year, which was why those figures tended to change from year to year. She said at the time the budget was approved some information was still outstanding and some figures were estimates, pending closing of the prior fiscal year and final information on approved grants.

Committee members commended the new format for presenting financial information in the four funds: Capital Projects, Accessible Services, Point2point, and Medicaid.

Ms. Shew said Accessible Services Fund estimates had been updated based on current information, but the figures were unaudited. She pointed out some changes, but emphasized there had been no change in the General Fund transfer. There had been some reductions in other funding sources, but operating costs had been reduced in order to balance resources with requirements.

Mr. Gillespie inquired about the service animal pilot project. Assistant General Manager Service Delivery Mark Johnson said staff was developing a program that would allow those who rode the bus with a service animal to avoid answering the same two questions each time they boarded by answering the questions during an interview with a customer service representative and receiving an endorsement on their half fare card that they had answered them satisfactorily. Mr. Necker stressed that participating in the program was voluntary and riders could choose to continue answering the questions at boarding.

Mr. Kortge asked how the Board approved initiatives such as the service animal and volunteer coordination programs, which were currently small pilot projects, but could represent major expenses in the future. He questioned why funds were being spent on them. Mr. Wildish said those programs were approved as part of the CIP.

Ms. Jackson said Mr. Kortge's questions were the reason the new CIP and budget process had been developed. It allowed Budget Committee and Board members to take an in depth look at all aspects of the District's finances. She said LTD received federal 5310 funds for senior and disabled services; some of those funds were received directly from the Federal Transit Administration (FTA) and some were allocated through the state. She said different providers applied for those funds, including some projects proposed by LTD. LTD's Accessible Transportation Committee reviewed the proposals and heard presentations from applicants and made a recommendation to the Board on allocation of funds. The allocations were approved by the LTD Board of Directors in January 2017. She said staff could provide a more detailed explanation of the programs and answer questions at the October 18 Board meeting.

In response to a question from Mr. Nordin, Ms. Jackson said the state provided LTD with funds for South Lane Wheels because it was within LTD's area. Those funds were used the purchase vehicles that South Lane Wheels leased from LTD. Funds could not be used for services outside of LTD's district, such as Florence.

Ms. Shew reviewed the Medicaid Fund. She said the figures were currently estimates and there was the potential that when they were finalized a supplemental budget to increase the General Fund transfer might be requested.

Mr. Kortge asked if General Fund dollars were used to support the Medicaid Fund. Ms. Jackson said the Medicaid Fund was coordinated transportation and LTD was reimbursed through a contract with the local coordinated care organization (CCO). That contract had been renegotiated to provide for 100 percent reimbursement for the rides that LTD provided under that program. She said General Fund dollars were used to supplement the Medicaid Fund because some people had dual eligibility for transportation and could be using LTD's paratransit service at a much higher cost; using some General Fund money to supplement Medicaid and direct those riders to lower cost transportation options resulted in a significant cost savings to LTD. She said that support could be shown in the Accessible Services Fund, but placing it in the Medicaid Fund illustrated how it was used to transport people. She said the RideSource Call Center made the determination about the most affordable and appropriate transportation choice for callers.

Mr. Kortge felt it was important to clarify to the public why using funds in that way made operational and fiscal sense.

In response to a question from Mr. Gillespie, Ms. Shew said the CIP did not forecast changes in the Medicaid Fund over the 10-year plan, although that could be revised during future updates.

Ms. Shew reviewed the Point2point Fund. She said there was no change in the General Fund transfer; changes related to projects and grant funding. Ms. Jackson said LTD had recently received Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program-Urban (STP-U) funds for two additional Point2point projects. Ms. Shew said that because grant monies came in erratically during the year a contingency was needed in the Point2point Fund for maintain fully funded programs until grant dollars were received.

Mr. Gillespie asked where bike share funding was in the budget. Ms. Shew said it was in the Point2point Fund. Mr. Johnson said that LTD had contributed a small amount - \$25,000 - to the multimillion dollar program being implemented by the City of Eugene.

In response to a question from Ms. Reid, Ms. Shew said funding for the Comprehensive Operational Analysis (COA) was already in the planning budget.

COMMITTEE DISCUSSION/POLLING OF COMMITTEE MEMBERS: Mr. Diehl commended staff for the presentation and invited comments and questions from committee members. He asked that the agenda materials be provided to the committee at least a week in advance of future meetings as the information was complex and members needed time to digest it prior to the meeting.

Ms. Jackson said the CIP process was well ahead of schedule and the Budget Committee could postpone a decision if more time to study the materials was needed. She said the new process was helping staff understand what information was valuable to the committee and what questions might arise so those could be addressed and information provided well in advance of decision-making.

Mr. Wildish found the new format and information very helpful in preparing the Budget Committee and Board for budget decisions. He said given the advances in technology that would likely occur over the 10-year planning horizon, LTD philosophy on some items in the State of Good Repair category could change drastically over the next few years. He said the COA would also help determine LTD's future direction.

Ms. Jackson reminded the committee that financial decisions were only being made for the first two to three years; the rest of the plan was speculation at this point. For example, buses would need to be replaced in the future and the plan included a cost estimate based on what was known today; the type, size and cost of vehicles purchased in the future could be very different. She gave the example of a fare management system, which if purchased several years ago when first discussed, would have cost \$3-5 million. The fare system now, because of advances in technology, would cost under \$1 million. She said the COA would identify community needs so LTD could begin develop plans to address them.

Ms. Reid said the COA was a good example of what an agile organization with strategic priorities and the ability to adapt looked like.

Mr. Kortge asked if an EmX line to Lane Community College (LCC) was still under consideration. He was concerned about how fluctuations in LCC enrollment would affect the success of such a route if transporting students was a primary goal. Mr. Schwetz said the LCC EmX corridor was part of LTD's MovingAhead project, which was evaluating several corridors and service options for each corridor. He expected that in about a year decisions would be made by the Eugene City Council and LTD Board regarding a mode for each corridor and prioritization of corridors. He said it appeared, in the technical analysis that a combined River Road/LCC EmX corridor might perform very well.

MOTION APPROVAL OF CAPITAL IMPROVEMENTS PROGRAM: Mr. Kortge moved to approve the presentation. Mr. Gillespie provided the second.

Mr. Wildish asked if total funding had been identified for the Santa Clara Community Transit Center, which was identified as a Tier I project. Ms. Jackson said funding was available for the portions of the project that would be moving forward. Ms. Shew reviewed the various funding resources associated with the Santa Clara project, including federal 5307 and ConnectOregon funds. Ms. Jackson noted that proceeds from sales of the River Road Station and unused portion of the Santa Clara site would also go towards the Santa Clara project.

VOTE The motion was approved as follows:
AYES: Bruebaker, Diehl, Gillespie, Kortge, Necker, Nordin, Reid, Smith, Thompson, Wildish, Yeh (11)
NAYS: None
ABSTENTIONS: None
EXCUSED: Cline, Yett (2)

ADJOURNMENT: Mr. Diehl adjourned the meeting at 6:05 p.m.

(Recorded by Lynn Taylor)