

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, December 15, 2004

Pursuant to notice given to *The Register-Guard* for publication on December 9, 2004, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held its regular monthly meeting on Wednesday, December 15, 2004, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Gerry Gaydos, President, presiding
Pat Hocken
Dave Kleger, Treasurer
Hillary Wylie
David Gant, Secretary
Ken Hamm, General Manager
Jo Sullivan, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: Susan Ban, Vice President
Virginia Lauritsen

CALL TO ORDER – Mr. Gaydos called the meeting to order at 5:36 p.m.

ROLL CALL - General Manager Ken Hamm called the roll.

PRELIMINARY REMARKS BY BOARD PRESIDENT – Mr. Gaydos welcomed Dean Kortge who would be joining the Board on January 1, 2005.

ANNOUNCEMENTS AND ADDITIONS TO AGENDA – Mr. Gaydos announced that the Metropolitan Planning Organization (MPO) had approved the Regional Transportation Plan (RTP) at its December 9, 2004, meeting. He said there was significant public testimony, a majority of it opposed to the West Eugene Parkway, which was included in the RTP along with a number of other projects. He said that he and Service Planning and Marketing Manager Andy Vobora made a presentation to Downtown Eugene, Inc., and the BRT Steering Committee had met and both bodies were supportive of progressive corridor development for bus rapid transit (BRT).

Ms. Hocken said she would give a brief report on her experience with transit in Las Vegas, Nevada.

BOARD CALENDARS – Mr. Hamm asked Board members to state their preference for annual Board strategic planning retreat dates. He said choices were the first, second, or third week in February 2005, with a full day and half-day schedule on either a Thursday/Friday or Friday/Saturday. He said that staff would contact members via e-mail to determine preferences and schedule the retreat. He also asked for suggestions for retreat agenda items.

WORK SESSION

A. Audit Report for Fiscal Year Ending June 30, 2004 – Director of Finance & Information Technology Diane Hellekson introduced Charles Swank of Grove, Mueller and Swank, P.C., to present the District's *FY 2003-2004 Comprehensive Annual Financial Report (CAFR)*. He said the format of the document was similar to last year's report and drew the Board's attention to the transmittal letter, which summarized the financial statements and highlighted aspects of current financial operations. He said the section entitled "Management Discussion and Analysis" was intended to educate the public about the content of the financial statements and LTD's financial position. He pointed out that LTD was one of approximately 100 governmental entities in the State to receive the Government Finance Officers Association (GFOA) certification.

Continuing his review of the report, Mr. Swank noted that most of LTD's net assets consisted of rolling stock and facilities. He said that footnotes throughout the report provided additional detail to help the reader understand the financial statements. He indicated the various tables that identified where LTD's investments were, including detailed information on funding of pension plans, and allowed the reader to assess the quality of those investments. He said that the report also included statistical data that offered a comparison of economic factors over a 10-year period. He observed that there were no findings in the report and commended the efforts of LTD's Finance staff.

Mr. Kortge asked if auditors reviewed pension funding established by the actuaries. Mr. Swank replied that auditors were not actuaries and did not audit the plans; the information was included in the report as provided by the actuary. Ms. Wylie commented that boards of trustees provided pension plan oversight and assured that LTD met the funding level established by actuaries.

Mr. Kleger asked if the audit had identified any instances of misapplication of federal grant funds. Mr. Swank said that selective tests were conducted on federally funded programs because LTD had no significant findings for at least three years; tests determined that funds were used appropriately. He said that no findings regarding compliance with federal requirements had been made in ten years.

B. Comprehensive Annual Financial Report – Ms. Hellekson directed the Board's attention to the Executive Summary included in the agenda packet. She said it highlighted issues of interest to the community such as changes in revenues and expenditures, farebox recovery, and system productivity. She remarked that revenue was up by more than 6 percent, which was a significant and positive change from the previous year, although expenditures also had increased rapidly. She said that farebox recovery could be influenced in two ways: cutting expenditures and increasing revenue. She pointed out the ten-year spread of expenditures, which demonstrated various trends by activity and service area. She said that steady growth likely would continue with a potential for a boom period in five to ten years.

Ms. Wylie observed that it was unfortunate that the increase in revenues was matched by an even greater increase in expenditures.

Mr. Hamm noted that LTD still was operating under the previous collective bargaining agreement.

Ms. Hellekson recognized Carol James' contributions to the report.

C. Accessible Services Video – Accessible Services Manager Terry Parker showed a video that illustrated how transit was meeting the needs of seniors and persons with disabilities in several areas across the state, including Baker, Curry, and Lane counties. The video underscored the role of transit in allowing people to remain independent and lead active lives.

Mr. Gant asked if all LTD employees had seen the video. Ms. Parker said that it had been shown to some departments and there were plans to show it to legislators.

Mr. Kleger said that while seniors were representing an increasing percentage of the population, transit services were essential to the disabled community, which also was increasing in size with medical advances that saved lives but left people with residual effects. He said that transportation needs for seniors and those with disabilities would continue to increase.

Mr. Hamm said that when communities embraced those issues, as LTD had when it became one of the first districts in the country to be fully accessible in the mid-1980s, it created a different type of livability in the community that made it attractive to seniors and people with disabilities.

D. Board Member Recognition – Mr. Gaydos recognized the contributions of outgoing board members Pat Hocken, Virginia Lauritsen, and Hillary Wylie and commended the leadership they had exhibited from both community and transit perspectives.

Mr. Hamm expressed the appreciation of LTD staff for Ms. Hocken's, Ms. Lauritsen's, and Ms. Wylie's dedication and efforts on behalf of transit over the years.

Mr. Gaydos commented that the outgoing Board members had been good role models and ideal Board members, were great stewards of public funds, understood the importance of transit to the community, and were willing to make difficult decisions when necessary.

Ms. Hocken said her service on the LTD Board had been a wonderful experience and she thanked the Board members and staff with whom she had worked. She commended their commitment, enthusiasm, and dedication.

Ms. Wylie said her eight years of service on the Board had been a growth experience and had given her the opportunity to work with other governmental entities in the region and be involved in long-range transit planning and creating LTD's vision for BRT. She said that she had learned much during her years on the Board and it had been an incredibly valuable experience. She commended the work of LTD staff.

Mr. Gaydos recognized the efforts of Ms. Lauritsen, who was unable to attend the meeting.

EMPLOYEE OF THE MONTH - Transit Operations Director Mark Johnson introduced Bus Operator Carl Faddis who was selected as the January 2005 Employee of the Month. He said that Mr. Faddis' nomination was based on his positive attitude and focus on the good things in life and his ability to make guests feel welcome.

Mr. Gaydos recognized Mr. Faddis' efforts on behalf of the United Way campaign in the community. Mr. Hamm noted that Mr. Faddis made riding the bus fun.

Mr. Faddis thanked the Board for the award and expressed his gratitude for the privilege of working at LTD. Mr. Faddis thanked Mr. Hamm for his work with Mr. Faddis through some difficult personal times.

AUDIENCE PARTICIPATION – There was no one wishing to speak.

Mr. Gaydos recognized new LTD Board member Mike Eyster, who had just arrived. Like Mr. Kortge, his term would begin on January 1, 2005.

ITEMS FOR ACTION AT THIS MEETING

MOTION A. Consent Calendar – Mr. Kleger moved adoption of LTD Board Resolution No. 2004-037: "It is hereby resolved that the Consent Calendar for December 15, 2004, is approved as presented." Ms. Hocken provided the second. The Consent Calendar consisted of the minutes of the November 17, 2004, regular Board meeting.

VOTE The Consent Calendar was approved as follows:
 AYES: Gant, Gaydos, Hocken, Kleger, Wylie (5)
 NAYS: None
 ABSENCES: None
 EXCUSED: Ban, Lauritsen

B. Grant Applications – Grant Accountant Todd Lipkin requested that the Board hold a public hearing on and approve the following grant applications that were described in detail in the agenda packet:

- 1) Springfield Station Grant Amendment - \$896,000
- 2) RideSource Facility Grant Application - \$1,030,000
- 3) EmX Project Development - \$1,964,520
- 4) EmX Franklin Corridor Construction Grant Amendment - \$2,703,099
- 5) EmX Vehicles Grant Application - \$4,000,000
- 6) FY 2004-2005 CIP Grant Application - \$2,552,963

Public Hearing: Mr. Gaydos opened the public hearing. There being no one wishing to testify, Mr. Gaydos closed the public hearing.

MOTION Ms. Hocken moved adoption of LTD Board Resolution 2004-038: "It is hereby resolved that the LTD Board of Directors approves the proposed grant applications listed below, which total \$13,246,682 in federal funds, and authorizes the general manager to submit these applications to the Federal Transit Administration for approval. Mr. Kleger provided the second.

Mr. Kleger observed that some of the applications were for grants to fulfill federal verbal commitments for LTD capital projects such as the Springfield Station and RideSource facility and some were formula grants.

Mr. Gant said he would support the motion but noted for the record his reservations about BRT.

VOTE The motion was approved as follows:
 AYES: Gant, Gaydos, Hocken, Kleger, Wylie (5)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Ban, Lauritsen

C. Acceptance of Audit Report for Fiscal Year Ending June 30, 2004 – Ms. Hellekson explained that acceptance of the audit report was an annual housekeeping item. She said once the auditor had presented the report to the Board, acceptance by the Board was required in order for the report to be published and distributed.

MOTION Mr. Kleger moved adoption of LTD Board Resolution No. 2004-039: “Resolved, that the Lane Transit District Board of Directors accepts the Independent Audit Report for the fiscal year ending June 30, 2004. Ms. Wylie provided the second.

Mr. Gaydos thanked Mr. Swank for his presentation and expressed his appreciation to Ms. Hellekson and the Finance staff for their excellent work, which allowed the Board to fulfill its financial oversight obligations.

Mr. Kleger said it was a delight to serve on the board of an organization that kept its financial records in such excellent order and expressed his thanks to the Finance Department.

Mr. Gaydos noted for the benefit of the public that the Board had reviewed in previous work sessions and meetings much of the information contained in the audit report.

VOTE The motion was approved as follows:
 AYES: Gant, Gaydos, Hocken, Kleger, Wylie (5)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Ban, Lauritsen

D. Franklin EmX Balanced Budget – Assistant General Manager Mark Pangborn distributed the proposed Franklin EmX construction budget and explained the changes that had been made consistent with input from the BRT Steering Committee and BRT Technical Advisory Committee. He reviewed reaction to the specific changes and noted that there was little controversy over most of the recommendations; the most interest was generated by the elimination of fare machines and the proposal to make the corridor a free-fare zone. He said that after considerable discussion it was suggested that the free-fare corridor be for a two-year demonstration period and ridership surveys be conducted before, during, and after that period so the Board could then make a decision whether fares would be implemented or the corridor would continue to be a free-fare zone. He said that staff recommended approval of the proposed changes.

Mr. Kleger commented that he was concerned about establishing a long-term expectation with the free-fare zone and felt the two-year demonstration and ridership surveys would address that concern and give the Board the option to reevaluate fares on the corridor in the future.

MOTION Mr. Kleger moved adoption of LTD Board Resolution No. 2004-040: "Resolved, that the Lane Transit District Board of Directors approves the Franklin EmX construction budget as discussed at the December 15, 2004, Board meeting. Ms. Wylie provided the second.

Mr. Gant explained that he would vote against the motion because of his concern that the changes would establish expectations in the community. He expressed the hope that in 2005 the Board would examine that issue and address resetting community expectations regarding the nature and cost of BRT.

VOTE The motion was approved as follows:
 AYES: Gaydos, Hocken, Kleger, Wylie (4)
 NAYS: Gant (1)
 ABSENTIONS: None
 EXCUSED: Ban, Lauritsen

E. Pioneer Parkway EmX Corridor Project Goal and Performance Objectives – Senior Strategic Planner Lisa Gardner referred to the informational materials in the November 2004 agenda packet. She said the goal and performance objectives were before the Board for approval and pointed out a change to Objective 5 as follows: "~~Minimize adverse safety and operational impacts~~ *Maximize safety and operational benefits* to pedestrians, bicyclists, and motorists using the corridor." She said the new wording was more positive and the change made at the suggestion of partner agency staff. The Steering Committee also reviewed and endorsed the proposed Goal and Objectives.

Ms. Hocken said that objectives 2 and 5 appeared to be inconsistent as she was not certain how the efficiency of transit service operations along the corridor could be maximized at the same time that benefits to other users of the roadway were maximized. She proposed changing objective 5 to include the phrase "to provide" following the word "Maximize" to clarify that LTD was not responsible for assuring maximum benefits to all other users. Ms. Gardner said that change could be incorporated and the intent was to assure the public that wherever possible LTD's design would ensure maximum safety, rather than increasing infrastructure for pedestrians and bicycles.

Mr. Gant said it appeared the issue was appropriate balance and the language should stress that. He said the implication of "maximize" was not consistent with the intent to achieve balance.

Ms. Hocken commented that there could be specific situations, such as LTD acquiring a lane of traffic, that would decrease the operational efficiency of motorists using the corridor; it did not seem possible to maximize efficiencies for all users simultaneously.

Mr. Kleger agreed with Mr. Gant and Ms. Hocken. He agreed with the need for balance but was concerned with declaring that LTD would maximize benefits with no explicitly stated balance as there would be situations in which the bus and the car were in conflict. He proposed rewording the statement as "Maximize safety and operational benefits while balancing pedestrian, bicycle, motorist, and transit needs."

Ms. Gardner said that there was no timeline for adopting the goal and performance objectives and she would bring revised language back to the Board at a later meeting.

F. Drug and Alcohol Program Policy Revisions – Mr. Gaydos thanked Mr. Gant for his suggestion that the policy revisions be reviewed by legal counsel for compliance with the Health Insurance Portability and Accountability Act of 1966 (HIPAA).

Director of Human Resources and Risk Management Mary Neidig discussed the history of reviews and revisions to the Drug and Alcohol Program Policy. She said that two types of revisions had been made: appropriate references to state and federal laws, and better definition of controlled substances. She related that revisions had also been reviewed by the Amalgamated Transit Union (ATU). She said she had discussed the changes with the Federal Transit Administration (FTA) audit team, which recommended adopting the revisions suggested by legal counsel and then the revised policy would be reviewed during the next FTA audit.

MOTION Mr. Kleger moved adoption of LTD Board Resolution No. 2004-032: "Resolved, that the Lane Transit District Board of Directors approves and adopts the recommended revised LTD Drug and Alcohol Program Policy as proposed and discussed at the October 20 and December 15, 2004, Board meetings. Mr. Gant provided the second.

VOTE The motion was approved as follows:
 AYES: Gant, Gaydos, Hocken, Kleger, Wylie (5)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Ban, Lauritsen

G. Reduced Fare Program – Ms. Parker said that there had been no significant changes in the program since the Board's October 2004 work session; however, she had followed up on a question raised regarding applicability of HIPAA requirements to the program. She discussed the issue with the directors of all agencies that were required by LTD to provide proof of eligibility. She said responses varied, but there was a provision in the law that allowed agencies to share information with other agencies for purposes of coordinating services. She said the new application form eliminated any information about specific medical conditions, disabilities, or diagnoses and simply asked the nature of the accommodation needed on the bus in order to use transit services in order to avoid using health records or information. She said the new process also did not require an applicant to go to an agency to apply for services; the application included a section that was not connected to an agency to provide streamlined, facilitated assistance.

Mr. Gant asked if the new procedures had been reviewed by legal counsel, as HIPAA was a very complicated piece of legislation. Ms. Parker said that HIPAA focused on protection of medical records and LTD did not use or require access to medical records or talk to doctors or other medical professionals as part of the application and approval process; the agencies with which LTD would work were responsible for establishing their own guidelines for use of information.

Mr. Gaydos commented that a release of information form might be necessary.

Mr. Gant questioned whether there were circumstances under which LTD could be liable for the information it received.

Ms. Wylie said that an applicant might need to sign a waiver for release of information if the issue was mental health or drug/alcohol related. Ms. Parker said that Lane County Mental Health would be responsible for obtaining the release or waiver from the applicant.

Ms. Hocken asked if LTD was liable if it failed to safeguard information it received from Lane County Mental Health. Ms. Parker said that applications were safeguarded, but a bus operator would know that a rider was eligible for a reduced fare card although not the details about reasons for eligibility.

Mr. Gant requested a written legal opinion on LTD's lack of liability.

Mr. Kleger observed that questions about HIPAA were still being asked by those responsible for compliance and in the meantime LTD must meet both legal and social expectations to operate a reduced fare program to the benefit of those who needed it. He concurred with Mr. Gant's request for a legal opinion.

MOTION Mr. Kleger moved adoption of LTD Board Resolution No. 2004-042: "Resolved, that the Lane Transit District Board of Directors approves and adopts, subject to legal counsel agreement, the recommended revised LTD Reduced Fare Program as proposed and discussed at the December 15, 2004, Board meeting. Ms. Wylie provided the second.

VOTE The motion was approved as follows:
 AYES: Gant, Gaydos, Hocken, Kleger, Wylie (5)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Ban, Lauritsen

H. Private, Not-for-Profit Agency Program – Mr. Vobora presented a brief overview of the program and noted that the program policy had been revised consistent with the Board's discussion at its October 2004 meeting to show clearly that agencies and programs within agencies would continue to qualify for the monthly allocation.

Ms. Wylie declared a conflict of interest.

MOTION Ms. Hocken moved adoption of LTD Resolution No. 2004-043: "It is hereby resolved that the LTD Board of Directors approves and adopts the recommended revised LTD Private, Not-for-Profit Agency Program as proposed and discussed at the December 15, 2004, Board Meeting. Mr. Kleger provided the second.

VOTE The motion was approved as follows:
 AYES: Gant, Gaydos, Hocken Kleger (4)
 NAYS: None
 ABSENTIONS: Wylie (1)
 EXCUSED: Ban, Lauritsen

ITEMS FOR INFORMATION AT THIS MEETING

A. Current Activities

Board Member Reports – Ms. Hocken described her experience with the Regional Transit Authority (RTA) during a recent visit to Las Vegas, Nevada. She said the RTA was using five of the French-manufactured buses initially considered by LTD. She said the buses were used on a BRT route that included a dedicated right-of-way and operations in mixed traffic. She indicated

that RTA was not using a guidance system or signal priority and she was surprised at the small number of riders. She added that the stations were curbside with a simple branded design and the downtown terminal had bays with parking for five or six vehicles. She felt that LTD's BRT design was much better.

General Manager's Report – Mr. Hamm pointed out that LTD, consistent with its memorandum of understanding with all of the public partners in the area, was participating in a community-wide diversity initiative and would form an internal committee with employees representing a wide range of functions. He said the committee would review LTD's internal practices and policies as well as work with its partners on diversity issues. He reported that he attended a diversity training session for chief executive officers and was impressed with the attendance, which demonstrated recognition that diversity was a key issue.

Mr. Hamm reminded Board members that the Transportation Expo, held once every three years, was scheduled for September 2005 in Dallas, Texas. He noted that the United Front trip to Washington, D.C., was scheduled for late February/early March 2005.

Organizational Structure – Mr. Hamm noted that an organization change was being made, but would not make a substantial difference in terms of staff interaction with the Board. He said that the Development Services Department had become too large for one person to manage and was being split into two departments. He indicated that the department would be split into a Development Services Department, to be managed by Stefano Viggiano, and a Marketing and Communications Department managed by Andy Vobora. He said that Director of Maintenance Ron Berkshire was retiring in March 2005 and one or two Board members could be asked to participate in the process to select his replacement. He also noted that Manager of Transit Operations Rob Montgomery would be retiring in January 2005 and Public Relations Manager Linda Lynch planned to retire in September 2005.

Progressive Corridor Enhancement – Ms. Hocken asked if transit signal priority would be implemented on fixed routes as well as BRT corridors. Mr. Viggiano replied that the intent was to apply signal priority systemwide, wherever possible. Mr. Hamm commented that the City of Eugene was supportive and working collaboratively with LTD to improve the fixed-route system.

Monthly Financial Report – Ms. Hellekson noted that the monthly report was primarily good news with the payroll tax running about 6 percent ahead of last year and, while that rate might not be sustained for the entire year, it was likely that the rate would exceed the forecast of 2 percent growth. She said that expenditure controls for administrative wages had been effective for the first five months of the year. Ms. Hellekson stated that costs associated with the former ATU contract could not be addressed as labor negotiations were still in progress, but were running substantially above revenues. She reported that fuel costs were slowly going down, although still higher than budgeted. She said the Financial Management Oversight Review Report had not yet been received from FTA; she would provide copies to the Board as soon as it was available.

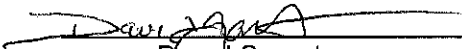
News Articles about BRT throughout the Nation – Mr. Gaydos thanked staff for including the BRT news articles in the agenda packets.

EXECUTIVE (NON-PUBLIC) SESSION: Ms. Hocken moved that the Board meet in executive session pursuant to ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. After seconding, the motion carried unanimously

and the executive session began at 7:44 p.m. Members of the LTD negotiating team were present for this discussion with the Board.

RETURN TO REGULAR SESSION: Ms. Wylie moved, seconded by Ms. Hocken, that the Board return to open session. The Board unanimously returned to open session at 8:45 p.m.

ADJOURNMENT: There was no further discussion, and the meeting was adjourned at 8:45 p.m.


Board Secretary

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