

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT

REGULAR MEETING

February 21, 1984

Pursuant to notice given to The Register-Guard for publication on February 16, 1984 and distributed to persons on the mailing list of the District, the regular monthly meeting of the Board of Directors of Lane Transit District was held on Tuesday, February 21, 1984 at 7:45 p.m. in the City Hall in Eugene, Oregon.

Present: Peter Brandt, Treasurer
Janet Calvert, President, presiding
Janice Eberly, Vice President
Larry Parducci, Secretary
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

News Media Representative:
Mike Stahlberg, The Register-Guard

Absent: Ted J. Langton
Judy Nelson
Glenn E. Randall

CALL TO ORDER: The meeting was called to order at 7:46 p.m., immediately following a short meeting of the Budget Committee.

INTRODUCTORY REMARKS BY BOARD PRESIDENT: Ms. Calvert congratulated the District for receiving the Blue Heron award from the Eugene/Springfield Convention and Visitors' Bureau, for cooperation and outstanding service in working with the Convention Bureau on conventions throughout the year. Ms. Eberly added that comments at the banquet where the award was presented were very favorable toward the District. She thought the entire staff and the Board should be proud of the award.

AUDIENCE PARTICIPATION: Ms. Calvert asked for participation from any member of the audience. There was none.

MOTION APPROVAL OF MINUTES: Upon a motion by Mr. Brandt and seconding by
VOTE Ms. Eberly, the minutes of the January 17, 1984 regular meeting were unanimously approved as distributed.

BOARD SALARY SUBCOMMITTEE RECOMMENDATION: Mr. Parducci, who had signed the memo from the Board Salary Subcommittee which was included in the agenda packet, explained that each year the Board Subcommittee makes a proposal for administrative salaries for the following fiscal year. That proposal is then reviewed by the entire Board, and the resulting salary package becomes part of the budget

process. Mr. Parducci said it was unfortunate that he had been unable to attend the Subcommittee meetings that year, but he had discussed the salary issue by telephone. He stated that it appears that the District, especially in the upper grades, lags behind the salary scales of comparable districts. He called the Board's attention to comparison data listed on pages 13 through 15 of the agenda packet, and stated that the Subcommittee recommendation was detailed on page 15. He added that John Sedberry of Tromp & McKinley was present to respond to any questions regarding the third part of the recommendation, which involved a death benefit/severance pay plan.

In response to questions from the Board, Mr. Sedberry explained that the employees would not be taxed until they received the funds, and that the plan would be administered by the District with the flexibility to invest. The District had been working with an actuarial firm, American Actuaries, to design the plan. The District would apply to the IRS for exempt status, so money could be invested without being taxed. Ms. Loobey added that the District now works with Columbia Management and Trust for the present employee trusts, and she could envision working with them on the new trust, as well. The Board President and the General Manager are the trustees of the salaried employees' pension trust. She stated that because the new plan would be a 501.9(c) plan, the funds could not be commingled.

Mr. Sedberry commented on why the plan had been proposed. He said he had originally been asked to form some ideas on additional compensation because of differences between contract and administrative employees in some benefits. The concept of a severance pay/death benefit was conceived to attract a professional group of employees who may or may not retire from the District. He explained that professional people are hired to come and do a given project and may move on when that project or their usefulness to the District is completed, and that this program rewards longevity but does not necessarily mean the employee would have to wait until retirement to benefit from it. The death benefit is a necessary coupling with the severance pay benefit, because death is not the same as severance. If they are coupled, the District has the ability to pay out any earned benefits, because the plan would use decreasing term death benefit insurance coverage.

Mr. Sedberry also explained that the cost of the plan would be a function of the payroll and current staff. If the District did not increase the number of employees and/or did not increase payroll costs, the cost of the plan would decrease, because it would earn more than was projected. However, he said, there would be salary increases, but with a conservative interest estimate it is anticipated that the fund would stay relatively stable. With this kind of plan, he explained, once money is allocated it is only necessary to set aside a reserve for the future. It is overfunded for any point in time, and when people leave employment with the District early, they leave behind some money in the fund for use by new employees.

Mr. Brandt expressed an interest in seeing the language used to set up the plan, to see if the District would be able to terminate it if the District didn't

like it later. Mr. Sedberry stated that he had no reservations with the plan in that regard.

Mr. Brandt moved that the Board adopt the recommendation of the Salary Subcommittee as set forth in the Board agenda packet for that evening. At that point, Mr. Parducci stated that he was not sure whether or not he really approved of the proposal, so he was unsure about seconding the motion. Ms. Calvert asked if the Board would like the proposal to go back to the Subcommittee for further discussion. The motion died for lack of a second.

Mr. Brandt suggested that before a recommendation comes before the Board, the Subcommittee thinks it out thoroughly and is in agreement and ready to stand behind it. Ms. Calvert stated that it had been a difficult process since Mr. Parducci had been unable to attend the Subcommittee meetings, and she recommended that the issue go back to the Subcommittee for more discussion.

Ms. Eberly asked if the Board might receive further historical information, or a timeline of what salary comparisons and changes were made in previous years. Ms. Calvert stated that the Subcommittee had looked at data comparing salaries of administrative staff at transit properties of similar size and at data from local public agencies and governments. Ms. Loobey added that Cascade Employers had not done their survey of public agencies at the same time this year, so it was unavailable for use by LTD, but staff had done some checking with private sector employers. Their response was that salaries would be increasing within the 5% to 7% range this year.

Ms. Eberly asked what other kinds of things had been considered, and why the Subcommittee had suggested these three components to their proposal. She wondered if the proposed death benefit/severance pay plan was a commonly used one. Ms. Loobey stated that 92 private-sector companies had been surveyed, and that this type of plan was common with them. Mr. Sedberry explained that these programs had been in use for a long time in larger corporations, and the knowledge that they can be useful in smaller entities has been increasing over the past several years.

Ms. Loobey reminded the Board that salary increases for administrative staff are not automatic; under the District's pay for performance plan, salaries are based on performance. The salary plan is budgeted at the control point because it is impossible to anticipate the actual placement of staff on the salary scale until after the yearly performance appraisal on which salary adjustments are based. She stated that the majority of the staff are at about 98% of control point.

With no further discussion, Ms. Calvert stated that the Board Salary Subcommittee would discuss this issue more thoroughly and would bring it back to the Board at a later date.

DRAFT GOALS FOR FISCAL YEAR 1984-85: Ms. Calvert commented that the draft goals had been drawn up for Board discussion, and explained that the division budgets were based on these goals. She stated that if the Board wanted to give direction to staff on how money is to be spent, they needed to give direction during the goal-setting process.

Ms. Eberly asked about the goal for farebox to operating cost the previous year. Ms. Loobey explained that the goal had been cast differently the previous year; this year staff decided to take the current ratio and strive to increase it by 10%, which would be more measurable and easier to keep statistics on than a set percentage goal.

Mr. Brandt wanted to know if that was a realistic goal. Ms. Loobey replied that this was hard to know, and always caused an internal struggle. She said the 30% goal came "out of the air" a long time ago, and staff and the Board had never looked at it to see how realistic a figure that was. She stated that ridership is now up and the cost per passenger is down, and she did not know why the farebox to operating cost ratio did not look better this year. She said the charter revenues had not been included in the figuring of the ratio, but charter expenses had. She said staff were talking with other transit properties to see how they measure their ratio. She thought LTD's should probably be around 22% or 23% rather than 20% or 21%. She said staff would explain their findings to the Board at a later date. Ms. Eberly commented that this issue was discussed during talks with the Special Committee on Transit, but they had been unable to reach a conclusion. Ms. Loobey added that the farebox to operating cost ratio was only one measurement for the District and should be kept in perspective with the others.

Ms. Calvert stated that she assumed that under the Employee Relations goal there would be some effort to develop productivity measurements for a year from now. Ms. Loobey stated that that would be done.

MOTION Mr. Brandt moved that the Board adopt the Goals and Objectives for FY 84-85 as set forth in the agenda packet. After seconding by Mr. Parducci, the motion passed by unanimous vote.
VOTE

PUBLIC CONTRACT REVIEW BOARD: Ms. Calvert introduced this topic by reminding the Board that several months ago staff had informed them that the State of Oregon no longer funded a Contract Review Board. Staff had been directed to draft a plan for setting up a District Contract Review Board and bring it back to the Board. Included in the agenda packet was a rough draft of an ordinance for the Board's discussion. The final ordinance would have to be read at two consecutive meetings of the Board before it could be adopted.

Ms. Loobey noted that the sections concerning the Board's role as a Public Contract Review Board should be at the beginning of the ordinance, and that some duties as outlined in the ordinance would continue to be administered by staff, as they are currently. Sections 71 and 72, regarding the Board's role, are duties which were previously done by the State Contract Review Board. The major role of the District Contract Review Board, she said, would be to handle disputes with

outside vendors, not to run the internal functions of the bid process. She added that if any part of the ordinance was unclear to the Board, staff could take the ordinance back to counsel and have it clarified or rewritten.

Mr. Brandt thought the ordinance was setting rules, limitations, and policies rather than stating how the District should deal with disputes. He thought the ordinance was much too restrictive and would be cumbersome to work with. He suggested that the ordinance be limited to the Public Contract Review Board, what it is charged with, and what guidelines it should follow, rather than setting policy for how the District is to be run. Ms. Loobey stated that the ordinance was drafted by the District's legal counsel based upon Oregon law, but she would find out from him if any of the information in the draft could be deleted. Ms. Calvert directed staff to review the ordinance and come back to the Board with another proposal.

BUDGET TRANSFER: Ms. Calvert called the Board's attention to the budget transfer on page 54 of the agenda packet. Karen Rivenburg, Accountant, stated that budget transfers do not have to go before the Budget Committee as long as the line items for the transfers are present in the budget. She said that it is usual for some budget transfers to have to be made as the District draws to the end of the fiscal year, and there may be one or two others as costs become better known this spring. She mentioned that the District would be reimbursed about \$5,000 from the Federal government for training and travel; that arbitration costs were higher than anticipated due to a large number of arbitrations this year; legal costs are higher because the retainer was budgeted but the District would also be billed for out-of-pocket legal expenses at the end of the year; and the delay in retrofitting the 500 series buses caused the District to have to operate Dial-A-Bus longer than had been anticipated. She added that the expenditures for the Maintenance fuel and parts budget were less than anticipated. Mr. Brandt commented that if this was all the further the District gets from the budget, it would be doing pretty well.

MOTION Mr. Brandt moved, seconded by Mr. Parducci, that the Board approve the
VOTE resolution for transfer of funds as set forth on page 54 of the agenda packet. With no further discussion, the motion carried by unanimous vote.

ANNUAL AUDIT: Mr. Brandt stated that the Budget Subcommittee had discussed this issue and decided it was not necessary to ask for proposals for new independent auditors. It was the Subcommittee's recommendation that the Board approve the auditors on an annual basis, but that it was not necessary to request proposals for new auditors. They also recommended that the Board retain the services of Derickson & Gault as the District's auditors for FY 83-84, subject to a satisfactory engagement letter, which would be obtained by the District's Accountant.

MOTION Mr. Brandt moved that Derickson & Gault be selected as LTD's auditors for FY
VOTE 83-84, subject to obtaining a satisfactory engagement letter. After seconding, the motion carried unanimously.

NOMINATIONS FOR BUDGET COMMITTEE: Ms. Calvert mentioned that the nominations to the Budget Committee were for full three-year terms, and that the Board had met the nominees at the Budget Committee meeting just prior to the Board meeting that evening. After these two positions were filled, one vacancy would remain on the Budget Committee. Ms. Nelson was working on a nomination, and hoped to have someone by the March Board meeting.

MOTION
VOTE

Mr. Brandt mentioned that being on the Budget Committee was not particularly time-consuming, but the Committee makes recommendations to the Board, which is a very important task. He then moved that the Board accept the recommendation to appoint Laurie Power and Roger Smith to the Budget Committee for three-year terms. Mr. Parducci seconded, and the motion passed by unanimous vote.

ITEMS FOR INFORMATION AT THIS MEETING:

Customer Service Center--Informational Presentation: Ms. Loobey introduced Andy Vobora, who has been the Manager of the Customer Service Center for about four months. She stated that, as ridership had grown, so had the activities at the Customer Service Center (CSC).

Mr. Vobora explained that the CSC had a direct link to the Marketing division, since it involved putting out information on the District's product, bus service. The CSC is a multi-purpose facility, acting as a warm, calm, and safe lay-over point for bus riders, an information and sales center, and as office space for six staff people, including himself. He further explained that the information lines are made up of six telephones on which calls are answered in order through use of a call sequencer. He stated that during weather changes, telephone information becomes very important, because the people calling in are the first-time riders. An average day includes 390 calls and 400 people in the CSC, so it is one of the more highly-traveled businesses downtown.

Mr. Vobora stated that pass sales have risen with the increase in ridership, and that the CSC staff are trying to improve their sales abilities in an effort to be a profit center for the District. Other duties performed by the CSC include lost and found, TTY service for the hearing impaired, Reduced Fare Program for disabled patrons, and a Senior Program, offering free fares for patrons 80 years and older. Mr. Vobora mentioned support from other divisions, including being told of breakdowns and detours so the correct information can be given to the patrons, and help such as answering telephones on snowy days. He also mentioned that he is investigating the use of machines such as telephone answering equipment, to help with future needs at the CSC. Mr. Brandt asked about trouble with loiterers on the mall, and Mr. Vobora replied that the CSC staff do not allow the District's patrons to be harrassed or inconvenienced in or near the CSC.

Ms. Eberly and Mr. Brandt thanked Mr. Vobora for a good and interesting presentation.

Salaried Trust--Audit Report and Actuarial Valuation: Ms. Loobey explained that an actuarial valuation was performed every three years on the Salaried Trust pension plan, and an audit report was done each year. She stated that the trustees are pleased with the actuarial valuation, which indicated that the trust is in sound financial posture with no unfunded liabilities. There was some discussion about all the accounting and administration being done by Portland firms. Ms. Loobey explained that the records are all in Portland because only Portland firms responded to the District's request for proposals. Additionally, she said, Columbia Trust has done well with the District's funds, consistently outperforming other investment houses.

Summary of Christmas Service: In reviewing the staff memo which compared riders per vehicle hour for the Christmas service, several Board members commented that the JOYRIDE seemed to be very successful. Ms. Loobey explained that the less successful Valley River Center/River Road special service had been done on a trial basis because of many requests for that type of service. However, Stefano Viggiano, Planning Administrator, stated that staff would look critically at such service and initiate changes before it would be considered again.

Role of Subcommittees and Board: Ms. Calvert stated that this topic had been discussed previously and the members present at that meeting had hoped to discuss it again when the full Board was present. She asked if the Board might want to wait until more members were present, or if they would like to discuss this issue that night because of some concerns raised during the action items that evening. Mr. Brandt thought it should be put on the agenda again for discussion by the full Board. He stated that he thought the subcommittees were very important and gave the District the opportunity to discuss sensitive issues and reach some conclusions before coming before the full Board. However, he said, he felt it was important for the subcommittees to come to the full Board convinced and ready to make a recommendation. Ms. Eberly said she did not disagree with the purpose of taking a careful look, but she did not agree about having a consensus opinion. Mr. Brandt said that two out of three subcommittee members agreeing would be considered consensus, and that the third member should have the opportunity to express his/her differences, but the subcommittee should be able to come to the Board with a recommendation.

Mr. Parducci, in referring to the Board discussion on an administrative salary package, said that the Salary Subcommittee had made a recommendation to the Board, and that one Subcommittee member who wasn't present at the Board meeting that evening may have voiced agreement with the recommendation if she had been present. He apologized about not being able to support the recommendation, but he had not been able to attend the meetings and, although he had discussed the recommendation over the telephone, he had had second thoughts about it as he had reviewed it during the past several days. He thought the subcommittees should discuss their lack of agreement at further subcommittee meetings, rather than bringing issues to the full Board or discussing them on the telephone.

Mr. Brandt thought the subcommittees should be able to come to the full Board for help, but the ultimate goal of the subcommittees should be that of

making a recommendation to the full Board. Ms. Eberly agreed, but thought there would be times when that would be impossible. Mr. Brandt suggested that at those times, the subcommittees should present the issue to the Board in a thorough manner, listing the positives, negatives, and subcommittees' concerns.

Ms. Calvert thought the discussion had been useful. Mr. Brandt commented that the Board members were all learning together, and that the subcommittees were critical because they saved time in "hammering out" issues at the full Board meetings. In response to a question, Ms. Calvert stated that there were presently only two subcommittees: the Salary Subcommittee and the Budget Subcommittee.

MOTION ADJOURNMENT: With no further discussion, Ms. Eberly moved that the meeting
VOTE be adjourned to March 13, 1984 at 7:30 p.m. at the Eugene City Hall. The motion
was seconded by Ms. Calvert and carried by unanimous vote.



Board Secretary

