MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, April 18, 1990

Pursuant to notice given to *The Register-Guard* for publication on April 12, 1990, and distributed to persons on the mailing list of the District, the regular monthly meeting of the Board of Directors of the Lane Transit District was held on Wednesday, April 18, 1990, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: H. Thomas Andersen, Secretary
Peter Brandt, Treasurer
Janet Calvert, President, presiding
Tammy Fitch
Herbert Herzberg
Thomas Montgomery
Keith Parks, Vice President
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

CALL TO ORDER: Ms. Calvert called the meeting to order at 7:30 p.m. Ms. Fitch was not yet present at the meeting.

BUS RIDER OF THE MONTH: Ms. Calvert introduced the April Bus Rider of the Month, Dorothy Ehli, a nurse at Sacred Heart Hospital who had been riding the bus since 1953. Ms. Calvert said that the bus operators knew Ms. Ehli as a person who was always cheerful, and presented Ms. Ehli with a certificate and LTD key chain. Ms. Ehli commented that she at first thought it would be embarrassing to have her picture on the buses, but that it had been fun to talk with the other riders who recognized her from her picture. She congratulated LTD on the completion of the new facility, and said she had appreciated the gradual expansion of service over the years.

EMPLOYEE OF THE MONTH: Ms. Calvert then introduced Customer Service Representative Jerry Addison, the April Employee of the Month. Ms. Addison had been hired as a part-time employee in 1983 and promoted to full-time in 1989. Ms. Calvert asked Ms. Addison about the "wide range of experience" referred to in her posters. Ms. Addison said she had worked with people for a long time, and that was what she enjoyed most. She added that she was happy to be a part of the LTD team. Ms. Calvert then presented Ms. Addison with a check, certificate, and letter of recognition.

AUDIENCE PARTICIPATION: Ms. Calvert asked for comments from the members of the audience. There were none.

MOTION **APPROVAL OF MINUTES**: Mr. Andersen moved that the minutes of the March 21, 1990, Board meeting be approved as written. Mr. Montgomery seconded the motion, and the minutes

VOTE were approved by unanimous vote, with Ms. Fitch not yet present at the meeting.

ADDITIONAL SUMMER SERVICE TO FERN RIDGE RESERVOIR: Stefano Viggiano, Planning Administrator, informed the Board that LTD had been approached by the Youth Development Commission to add additional service during the summer between Eugene and Fern Ridge Reservoir. The Commission was interested in encouraging area youth, many of whom buy the summer freedom pass, to seek activities at locations other than the Eugene Mall.

Currently, buses travel outbound to Fern Ridge at 7:20 a.m., 9:20 a.m., and 3:20 p.m. The last return trip is at 4:38 p.m. The Youth Commission requested an additional trip at mid-day and one returning later in the evening, to create a better summer schedule for spending time at the Reservoir. The evening trip can be added easily, by routing the bus which already travels out Highway 126 around the reservoir to Orchard Point, for an additional half-hour of service. Mid-day, an entire trip would be added, or another 1.5 hours of service.

Mr. Viggiano stated that additional summer service to outlying recreational areas had been requested by various parties numerous times in the past. Therefore, staff were suggesting that the District test this type of service. Staff were also suggesting that the District work with the Youth commission on a joint promotion designed to encourage youths to visit area activity centers, including Fern Ridge, by bus, and to seek a subsidy from the Youth Commission for the additional service. Mr. Viggiano stated that the recommended two hours of service would cost approximately $3,000 for the summer.

Mr. Andersen commented that he thought this recommendation was a very good idea.

Mr. Viggiano said staff would be meeting with the Youth Commission on April 24, to discuss these ideas formally. Ms. Calvert asked about a subsidy from the Youth Commission. Mr. Viggiano said that the Youth Commission actually had no money to subsidize bus service, but might approach Eugene Parks and Recreation for assistance. Mr. Brandt asked if the youth would pay to ride the bus. Mr. Viggiano said that they would, but the fares would not pay for more than 20 percent of the service. Mr. Montgomery asked what would happen if LTD had to pay the entire amount. Mark Pangborn, Director of Administrative Services, replied that the money to pay for the service through June 30 would come from the current budget, and the balance of the summer would be funded from the FY 90-91 budget.

MOTION Mr. Andersen moved that the Board authorize staff to implement two hours per weekday of additional service between Eugene and Fern Ridge Reservoir during the summer of 1990, and work with the Youth Commission to seek subsidy and assistance with joint promotions. With no further

VOTE discussion, the motion carried by unanimous vote. Ms. Fitch was not yet present at the meeting.

REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT: Ms. Loobey called the Board's attention to materials explaining the Reauthorization of the Surface Transportation Assistance Act, beginning on page 30 of the agenda packet. She explained that the recently-announced National Transportation Policy of the Bush administration included a 40 percent reduction in Section 9A operating assistance and a codification of local share requirements which would be greater than in current law. For the long term, the Policy would direct further reductions in General Fund revenues (Section 9A) and greater local and state contributions for transit projects.

Since the Policy announcement, the Oregon Department of Transportation (ODOT), Tri-Met, and the Joint Policy Advisory Committee on transportation (JPACT) had responded to the national Policy. Ms. Loobey explained that JPACT included Tri-Met; the Metropolitan Service District; Multnomah, Clackamas, and Washington Counties; and the City of Portland, and that the Lane Council of Governments (L-COG) is similar to JPACT in its transportation focus.

Ms. Loobey said that the Executive Committee of the Oregon Transit Association (OTA) was in the process of developing its own policy regarding the National Transportation Policy, in preparation for the reauthorization of the Surface Transportation Assistance Act for Federal FY 1991. She said that there were several outstanding issues which could be in conflict with ODOT's position on the National Policy, including funding recommendations, as well as comprehensive and integrated transportation systems planning, construction, and implementation.

Ms. Loobey had included several policy statements for the Board's review, beginning on page 31 of the agenda packet. She recommended that the Board adopt those policy statements, in order for her to forward them to the OTA for discussion at its next meeting on April 23.

The Washington state Department of Transportation and transit operators had worked in a collaborative way to establish a single policy position regarding the reauthorization of the Surface Transportation Assistance Act. That process was used as the model for the OTA discussions for submittal to ODOT. Ms. Loobey said that it would be most effective for the grantee agencies to agree to forward joint policy statements to their Congressional delegation. She added that this had not been done in the past; that highways and transit districts had presented their positions and Congress had to sift between the two.

Ms. Loobey said there is also an organization called the Crescent Coalition, comprised of California, some mid-west states, and Idaho. The Crescent Coalition had already stated what it wanted from the Reauthorization Act; if it was successful, then Oregon would suffer, since the Coalition's calculation formula for highway funds was higher than transit funds. Oregon is a "donor" state, meaning that it contributed more to the federal funding than it received. If the Pacific Northwest states could resolve some of their differences and present a united front, they would be in a stronger position in relation to the Reauthorization Act. The American Public Transit Association (APTA), Tri-Met, and Washington's larger providers all had taken a similar position, but the policy statements in Ms. Loobey's memorandum represented the views of the small operators, and were not totally consistent with where Tri-Met stood on the issues.

Ms. Loobey reviewed the proposed policy statements. Briefly, they were that there be no further erosion in the funding of the Section 9 program; that integrated transportation systems planning and implementation in the state must be consistent with an integrated and collaborative method of determining project priorities and funding, including state and local governments, metropolitan planning organizations, and the transit operators; that the State of Oregon should be recognized and rewarded for its system of land-use planning when seeking federal funding; and that Section 3 funds for bus purchases should be allocated on a formula basis to transit properties of less than one million population. The Section 3 funds, therefore, would be based on a formula rather than a competitive basis.

Mr. Andersen asked about the reason for the conflict between Tri-Met and the rest of the state. Ms. Loobey said that Tri-Met was an urban area with a population of over 1 million. Tri-Met had built and was planning to enlarge its light rail system, so already had access to 40 percent of the funds. She added that an integrated systems policy position with ODOT was begun in the legislature last session (funding for roads with increased gasoline taxes for transit use), through a variety of measures. However, when the time came to consider the Reauthorization bill, ODOT did not include Tri-Met, and did not reflect the legislative position; it also totally ignored the small operators. She said that Tri-Met would like to continue the 40-40-10-10 match (40 percent new rail starts; 40 percent rail rehabilitation; 10 percent one-time capital investment; and 10 percent bus purchase). The smaller operators, however, would like to change the formula or have a little more money allocated to capital. ODOT has traditionally built roads and highways, which is reflective of a philosophical position in Oregon.

Mr. Andersen asked if there was currently a formula for Section 3 funds. Ms. Loobey replied that it was not currently done by formula, and there was nothing to say what would happen to the small operators when the 1991 capital is confined to 10 percent of the total funding package. She said she would like to see that money allocated by some formula, such as by population and population density. Mr. Andersen asked if the Board would be endorsing a specific formula. Ms. Loobey said it would not; that the formula would be an element for negotiations.

MOTION Mr. Herzberg moved that the Board support the policy statements outlined on pages 31 and 32 of the agenda packet. Mr. Parks seconded the motion. In response to a question from Mr. Parks, Ms. Loobey stated that she did not want to go forward without the Board members understanding OTA's position on this issue. Mr. Andersen said that discussing this issue with the Board was also consistent with discussions held after the last legislative session, regarding the Board's comfort with Ms. Loobey acting as the General Manager of LTD or a representative of the OTA on specific issues.

VOTE With no further discussion, the motion carried by unanimous vote, with Ms. Fitch now present at the meeting.

ITEMS FOR INFORMATION AT THIS MEETING:

Facility Project Update: Mr. Andersen asked about outstanding change orders mentioned in the agenda packet. He wondered if LTD would end up in arbitration over those. Mr. Viggiano said he thought not, since those change orders were for a relatively small amount of money. Mr. Andersen asked about Walt's Concrete. Mr. Viggiano replied that Walt's had filed a claim that the company had incurred extra costs based on the three-month delay in construction. The value of that claim had been withheld from payments to Marion Construction, and LTD instructed Marion Construction to deal directly with Walt's. Mr. Andersen then asked about the mechanism for settling disputes between LTD and the bonding company. Mr. Viggiano replied that the District had withheld payments, so the bonding company would be the one to initiate any legal action, but had not yet done so. The District had incurred $40,000 in other costs, including consultant payments and staff time, and had requested that the bonding company pay those costs. The bonding company had challenged only $3,000 of that amount. The District's response to the bonding company was that approximately $1,000 of the challenged $3,000 should not have been charged because it did not result from the construction delay. The bonding company had not yet replied to that response. In all, the District has retained from the contract 5 percent in retainage, the claim from Walt's Concrete, expenses, and an estimate for liquidated damages.

Ms. Loobey said she wanted to take a moment to compliment staff on the move to the new facility. She said staff had been planning the move for months, and that it was as graceful and elegant as it could have been, for the magnitude of the move, done in just over four days. She added that Bob Hixon, who had moved the administrative staff, said he had never had a move of this magnitude that was as well planned and with staff who were so cooperative and helpful.

Ms. Loobey said the first morning pull-out from the new facility had occurred at 7:30 a.m. on Sunday, April 15, and the first full-service pull-out at 4:30 a.m. Monday. There were ribbons for the buses to go through, muffins and hot cross buns for the employees, and other celebratory events.

She said there were still some little glitches with the facility, but they were all being taken care of. There were still a lot of boxes that were not unpacked, and the process to refinish the desks was underway that week. The buses were running, the telephones were working, and staff were dragging a little from working so hard to do their daily jobs and accomplish the move at the same time. Ms. Loobey said she was pleased with the process and the results for which staff had planned so carefully.

Mr. Brandt asked when LTD would sell the old facility at 8th and Garfield. Mr. Pangborn replied that there were two major issues to be resolved before the property could be turned over to School District 4-J. First, there were eight to ten underground storage tanks, for which LTD ultimately would be liable for any leakage problems at any time in the future. The District would be financially liable to bring the tanks and surrounding area back up to the standard. He said staff were trying to work out a method to know what kind of testing could be conducted so 4-J would hold LTD harmless for future leaks. Staff were also working to find out from 4-J exactly which tanks they would want to use. Mr. Pangborn added that if LTD were selling to a private agency, the District would take out the tanks and sell the property "as is." District counsel for 4-J and LTD were to meet in the next couple of weeks to work out language for the sale to hold LTD harmless.

The second issue was the transfer of the federal share at the federal level. Mr. Pangborn explained that LTD held title to the property, but the federal government, through the Urban Mass Transportation Administration (UMTA) retained an interest. UMTA was willing to transfer its interest to another federal agency with closer ties to education, so 4-J staff had been working with someone at the Region X Department of Education office to assume that interest. After those details have been worked out, the sale can be completed.

Mr. Pangborn said that the current market value of the property at 8th and Garfield is approximately $1.1 million, based on two appraisers, one for the school district and one for LTD, who were very close in their evaluations. Mr. Brandt asked if LTD would receive 20 percent of that amount. Mr. Pangborn said the District would first have to deduct the cost of resolving the underground storage tank issue, and would receive 20 percent of the balance. Mr. Andersen asked if the cost was associated with testing and removing, rather than a payment to 4-J to assume liability in the future. Mr. Pangborn said that was correct, and that staff estimated that LTD would receive about $200,000 for the property. He added that the school district was in a financial bind with its capital budget, and may not be able to pay that amount at once.

Ms. Fitch asked about the other 80 percent interest in the property. Mr. Pangborn explained that the federal government had spent the money for 80 percent of the purchase price of the facility. If the school district were to use the property, no money for that portion would change hands, but the federal government would retain its right to that 80 percent. If the school district sold the facility, then the federal government would want to receive its 80 percent.

Mr. Brandt wondered who was insuring the 8th and Garfield property, and if there was special police protection for it. Mr. Pangborn said LTD would insure it until it is transferred to the school district. Tim Dallas, Director of Operations, said that a special security agency was checking the facility once a day, and that everything was behind locked gates. He said that there was nothing of real value left, and the most that could happen would be vandalism. Mr. Pangborn said LTD's insurance staff were working with 4-J's insurance staff to be sure the property was properly covered, and that the school district wanted to first make some renovations and move in sometime during the summer.

Mr. Parks asked about the estimated cost to take the fuel tanks out of the ground. Mr. Pangborn said that a preliminary estimate for the larger tanks was $5,000 per tank, assuming there had been no leakage. Each tank has to be pulled out of the ground, cut up, and disposed of in a hazardous waste site. Ms. Calvert asked if the tanks were empty. Mr. Dallas replied that they were empty and tied down so they would not float. The District did not want to fill them with water because then there would be 10,000 gallons of contaminated water to dispose of.

Mr. Andersen asked how the receipt of payment for the property fit into the budget. Mr. Pangborn said the $200,000 had been added to the Capital Improvements Plan (CIP) in a four-year payment schedule. He added that, at this point, cash flow was not that urgent for the District; however, LTD would require interest if payments were made over time rather than all at once.

In response to a question from Mr. Parks about a hold harmless clause, Mr. Pangborn said that at some point the school district has some responsibility for leakage, but if the school district couldn't pay the associated costs, LTD would be liable. In order to avoid that possibility, he said, the District could pull the tanks from the ground before selling. Mr. Brandt thought the District could have the tanks certified as environmentally clean, after which time the onus would be on the school district. However, Mr. Pangborn said that under current law the District would be responsible if the current owner were not financially able to correct any problems. Mr. Parks said he would rather get the tanks out of the ground than be responsible in the future. Mr. Pangborn agreed that this would be the safest for LTD, but there would be some cost to the community, because the school district would then need to install tanks. Mr. Viggiano added that the tanks cost about $20,000, plus an installation cost of $20,000. Mr. Pangborn stated that if it were the Board's pleasure that LTD remove the tanks and have no continuing liability, staff would take that action, and wondered if the Board members would like to have District Counsel attend a meeting to discuss this question with them. He said that when Counsel works on the specific language for the sale of the property, indemnification language would also be considered. Mr. Andersen said, however, that if Mr. Pangborn is correct about the federal law, no matter what deal LTD would make with 4-J, LTD would still be liable.

Ms. Calvert said she would like to have staff provide a follow-up on this issue before the process is finalized.

Briefing on Commercial Driver's License and Drug Testing Policies: Ms. Loobey stated that there had been a lot of press about drug testing in the work place, so staff wanted to give the Board an update on both the Commercial Driver's License and drug testing policies of the District.

Mr. Dallas stated that these policies have two goals: to ensure the health and productivity of employees, and to ensure the public safety. He explained that LTD has an Employee Assistance Program, in which the employee can receive initial counseling for substance abuse, family problems, financial problems, or any other problem which may affect an employee's ability to perform his or her job at LTD, at no cost to the employee. The District has also required pre-employment drug testing as part of a complete physical for the last five years. Drug testing for reasonable suspicion or probable cause is also District policy; however, no testing had yet been necessary, and there had not been an accident which staff believe was related to substance abuse.

Mr. Dallas stated that UMTA, which is a branch of the U.S. Department of Transportation, had recently issued new regulations for drug testing of employees in safety-sensitive positions. For LTD, those positions include bus operators and mechanics, and their immediate supervisors. The UMTA regulations include pre-employment testing; reasonable-cause testing; post-accident testing, if the accident results in severe damage or injury; testing upon return to work after a long absence (probably three to six months); and random testing, which is the most controversial and has been challenged legally. Random testing would require that 50 percent of employees in safety-sensitive positions be tested every year. The random selection would be from the entire group, so theoretically one employee could be tested every week.

The new UMTA guidelines apply to large properties beginning in December 1989, and will apply to small transit districts beginning in December 1990. The size of the property is based on the number of buses, and LTD falls into the small property group. The intent of the later implementation date for small properties is to let most of the legal issues be resolved by the large districts first.

After an appeal of the regulations by the Amalgamated Transit Union in Washington, D.C., the Courts rules that Congress did not give UMTA the authority to issue blanket safety regulations. However, Mr. Dallas said he believed that Congress would give UMTA that authority, since authority had already been given to other safety-related industries, such as the Federal Aviation Authority. Transportation Secretary Skinner was seeking that authority, and two bills were already in Congress.

Mr. Dallas then discussed what changes to LTD's current policy would be necessary. First, he said, the goals of LTD's policy were to encourage employees to seek treatment before they had employment problems, and to provide for testing and discipline when performance problems occurred. Staff anticipated that a new policy would be completed sometime during the summer, and would be discussed with the labor union in late summer or early fall.

The elements of the District's program are to provide ongoing employee awareness training; to set clear policies; to offer support for employees who voluntarily seek treatment; to provide discipline for employees with performance problems; and to use accurate testing to establish the facts. As a first step, LTD had joined an employer's consortium through Serenity Lane, and had been offering drug awareness classes for employees and supervisors for the past four months. A co-dependence class was also scheduled to be offered to all employees in the fall.

Ms. Fitch asked the percentage of employees who had sought help voluntarily. Mr. Dallas said that number might be 10 percent in five years, or 2 percent a year.

Mr. Dallas stated that a simple, general policy statement would be needed from the Board in order to comply with the federal requirements, and that a draft policy statement would be brought to the Board in the next few months.

Ms. Calvert asked if drivers who were in a serious accident would be tested only if drug problems were suspected. Mr. Dallas said that they would be tested only if they met the test of reasonable suspicion. Mr. Andersen wondered how drugs were ruled out without the use of drug testing. Mr. Dallas gave an example of a bus accident in which it was not the bus operator's fault, such as a bus being hit by a log truck, or something else which could cause severe damage. He added that the word "severe" had not yet been defined for these purposes, but that these kinds of details were being worked out with employee input.

Mr. Brandt wondered if there was a maximum penalty and if that was made clear to employees. Mr. Dallas said that the maximum penalty would be discharge, and that would be made clear to employees. Mr. Brandt then wondered if an employee could be discharged based solely on the results of the random test. Mr. Dallas said probably not, if performance was not affected. Most likely, he said, the employee would have a last-chance agreement, which might include a treatment program in order to keep his or her job, and tests every so often for the next couple of years. Mr. Brandt asked if the District paid the employees while they were in treatment. Mr. Dallas said it did not; that the employees need to be responsible for their own actions, and that suspension might be appropriate in addition to treatment, especially if there were a related problem such as poor attendance.

In discussing the Commercial Driver's License, Mr. Dallas said that in 1986, Congress passed the Commercial Vehicle Act, and that there are new state requirements for commercial vehicle driver licensing. All of the District's bus operators and mechanics will have to be relicensed by April 1992, but relicensing has already begun, with approximately 10 bus operators taking the test every month. A written exam on basic knowledge, air brakes, and passenger endorsement is required for all who drive commercial vehicles on public highways. For those who are new drivers, have a major moving violation conviction in the last five years, or who have a cited traffic accident in the last two years, a road test is also required.

Commercial drivers will now only be allowed to have one license instead of being licensed in several states, and will have to notify their employers within 30 days of any traffic violation conviction, even for violations in their personal cars. The District has a fee arrangement in which the Oregon Department of Motor Vehicles sends LTD notification of charges of traffic violations. Depending on the severity of the charge, a supervisor will talk with the employee. This is only a discussion session, prior to any conviction.

A CDL can be suspended for one year for a first-offence for driving under the influence of drugs or with a blood alcohol level of .04 while operating a commercial vehicle; for leaving the scene of an accident; or for using the vehicle to commit a felony. A three-year suspension will be given for a first-offence if the driver refuses to take a breath test. A CDL can be taken away permanently for the second offense of any one of the above, or as a result of a felony involving a controlled substance and a commercial vehicle.

Mr. Brandt asked why mechanics need to have a Commercial Driver's License. Mr. Dallas replied that the license is necessary for anyone driving a commercial vehicle on a public street, and mechanics take buses on the street to road test them. At the 8th and Garfield facility, bus cleaners and fuelers had to drive across 8th Avenue, but now they will not leave the property, so will not have to have a CDL.

Group Pass Program: Ms. Calvert stated that this briefing was meant to be a continuation of a discussion held at the last Board meeting. Ms. Loobey said that staff and the Board had been discussing the various aspects of the program since it first was proposed for the University of Oregon (UO). For purposes of the discussion, she said it was important to go back to the premise of why LTD exists--to carry people on the bus. The number of riders indicates whether or not the District is successful in its service planning, marketing, and fare structure. Part of the Goals & Objectives have been community-driven, because the community made the decision to have a public transit district when the private operator folded in 1970. Various urban planning documents have included directives shaping transit, including the modal split found in the TransPlan. Ms. Loobey said that the City of Eugene has a number of policy directives that would encourage the use of transit, but many have not been addressed by the City.

In the community, some direction about the District's role has been established for the urban area, including social issues such as clean air and less use of private automobiles. Ms. Loobey said that the group pass program seems to fit as a part of the overall urbanized goals for the community vis-a-vis transit, and that transit plays a greater role than previously acknowledged. The markets where LTD can achieve those goals are at Sacred Heart Hospital, the UO, the City, etc. Staff have not had a policy that directs the group pass program, and the Board members had recently brought up issues that were not previously been addressed. Therefore, staff had prepared a draft policy which was included in the agenda packet for discussion only, not for final approval. Staff planned to refine the policy based on discussion with the Board, and take it back to the Board for adoption at a later meeting.

Mr. Pangborn said that staff had received inquiries from Sacred Heart Hospital about a group pass program. The hospital's 400 new parking spaces are now full, and they believe that they need 200 parking spaces to serve the new medical offices being built on Hilyard. Employees were being surveyed to determine how many would ride the bus. Because the hospital has extreme parking problems now, the administration would like to begin a group pass program in May. Employees would become used to taking the bus before there is more on-street parking during the summer term at the UO. Then, when the new offices open in the fall, more parking will be available. Staff believe this service could be added without additional buses, unlike the requested group pass program at Lane Community College, which would require additional buses.

Mr. Pangborn said that group pass programs were agreements between LTD and an organization in which transit service would be provided to all individuals in the organization for a set fee. If established according to certain parameters, group pass programs would increase ridership and productivity; maintain or increase service hours (no service hours were added to accommodate the City of Eugene group pass program, but hours were added for the UO); maintain or increase the farebox-to-operating cost ratio; and decrease the cost per trip, because the District would be adding riders but not service.

Mr. Pangborn said that a 20 percent farebox-to-operating cost ratio was average for a transit system the size of LTD. Ms. Fitch asked if the group pass revenue was counted as farebox revenue. Mr. Pangborn said that it was, because the group fee replaced the farebox revenue of those in that group. Mr. Andersen asked for whom the cost per trip was reduced, LTD or the UO. Mr. Pangborn said it was intended to address LTD's cost per trip, because the cost decreased as more people rode the bus. Mr. Viggiano said it would also decrease the cost per trip for programs when more people from those programs rode the bus. As an example, he said that if LTD carried 5 million trips per year, the cost per trip would be $2.00, based on a $10 million budget. However, if the District carried 10 million trips, the cost would be $1.00 per trip, as long as the District was using excess capacity on buses which were already running. Mr. Andersen wondered at what point those lines would cross and go the other way.

Mr. Parks was concerned that the programs would only pay a portion of the expense. Mr. Pangborn said that the District also only charges individual riders a portion of the trip. The term pass price at the UO prior to this program was $44 per term, so the cost to the individuals was reduced. Mr. Andersen said that if everyone rode, the program would be getting more trips for its money. He wondered where the District was willing to draw the line, and said that this program may not be good for LTD internally. Ms. Fitch asked what it would cost the District if LTD expected 20 percent of the student body to ride, but 60 percent actually rode. Mr. Pangborn said that the travel patterns for each group are looked at individually; some may double and some may have a much smaller increase in ridership. If service were added, the group would pay the full marginal cost of the additional service.

Mr. Montgomery asked if LTD made any money when it charged $4.50 per individual per term for the UO group pass program. Mr. Pangborn said that the UO program paid for the entire amount of service increases, even though those increases actually served a larger population than just the UO. Mr. Andersen asked if the UO paid 100 percent of those costs even though it would only pay 20 percent under the farebox-to-operating cost ratio. Mr. Pangborn said that was correct, since service was added to fit their specific needs.

Mr. Pangborn said that to qualify for a group pass program, organizations would have to have at least 50 employees. This was due to staff's concern about trying to administer small programs, as well as the understanding that larger employers have the largest transportation needs. Mr. Andersen asked about the definition of the word "organization." Mr. Pangborn said an organization would have to have the fiduciary ability to sign a contract and pay the money up front. If a group of 50 people wanted to join together and could pay the necessary amount, and the District could figure out the group's modal split, it may be possible. Mr. Andersen said it would be a lot easier to define the ridership ceiling for a smaller group. He wondered if the UO would be allowed unlimited growth rather than defining a ceiling. Mr. Pangborn said yes, that was the original philosophy of the program. One problem some businesses face, including Sacred Heart, is that the District requires everyone in the organization to be included in the program, but not all those people's schedules can be accommodated by current service.

Mr. Andersen asked if an organization accepts the overall social goals of transit, to meet the needs of the community, it should be understood that even though some of the employees can't ride, the system has value for the rest of the employees or the organization itself, such as the need to build fewer parking garages. Mr. Brandt said he wasn't interested in "doing social things"; rather, he wanted the people who ride the bus to pay for it. Mr. Andersen added that the bottom line would be the same if the cost for those who did ride was increased, rather than paying a lower cost for all employees, including non-riders.

Mr. Pangborn said that the minimum rate for the program is $19 per person per year. Sacred Heart Hospital is the District's second largest taxpayer, so that perspective should be considered. The University pays State in-lieu-of payroll taxes, but the City of Eugene does not. Mr. Andersen asked about offering this program to government or private organizations. Ms. Fitch wondered if, as more groups joined the program, the District could reduce the cost to individuals, such as lowering the cost of day passes, monthly passes, etc. She said the lowest income population was scheduled to pay incremental inflationary increases in individual fares. She added that ridership increased with the group pass program, so LTD looked good, but there were increased costs in the system, with more buses and more servicing of those buses. Mr. Pangborn stated that the people participating in the group programs would have inflationary increases, also. He agreed, though, that a student, by virtue of being a student, was receiving a much better deal for riding than the individual rider, and said this was an inherent problem with the program. He said the larger goal of getting people on the buses needed to be balanced against the equity issues. He added that 50 percent of the District's riders are students, and that they are generally a low income group.

Mr. Pangborn stated that the draft policy did make a differentiation between payroll tax payers and non-payroll taxpayers, because the taxpayers were contributing to the local share of capital and operating costs. The policy included two criteria for all participants, and another two for non-payroll taxpayers. First, the District would require replacement of current revenue. In other words, the organization would have to pay at least the amount that its members were currently paying as individuals. Before beginning the University of Oregon program, a fairly accurate count of the number of riders was obtained through an origin and destination (O&D) study. O&D study information was also available for Sacred Heart and the City of Eugene, and a survey was being done at Sacred Heart as a double-check. Mr. Andersen asked how accurate that information was. Mr. Viggiano said the O&D provides a sample, and staff make assumptions that those employees will fill out or not fill out surveys at the same rate as anyone else. The sample is large, with almost 20,000 completed surveys system-wide.

The second criteria for all groups would be to pay the marginal or incremental cost of any additional service which would need to be added. Mr. Pangborn used a hypothetical situation to explain the difference between the requirements for payroll taxpayers and non-payroll taxpayers. Essentially, the payroll taxpayer would not pay a percentage for increased service, and a formula would be used to determine the portion of additional service in relation to total ridership which a non-taxpayer would pay. Mr. Andersen asked if the formula included an increase in staff time, or fixed overhead. Mr. Pangborn said it did not. Mr. Andersen stated that marketing, planning, administration, and other support functions would all end up doing more work for the same cost or added Full Time Equivalents (FTE). Mark said he had assumed there would be increased overhead, but that costs would increase over time. Mr. Andersen wondered if those costs could be added as they occur. Mr. Viggiano said that staff could use the total cost per hour of $37, rather than the marginal cost of $28 per hour. Mr. Pangborn added that the $10 million which the District pays for the base system is not computed in the formula because those costs are paid whether the group rides or not. He said that the $28 marginal cost includes fuel, mechanics, and bus operators. The $37 takes into effect additional staffing which may be required, such as the additional graphic artist time or CSC staff requested for next fiscal year. Both figures are computed annually.

Ms. Fitch wondered what would happen if the formula worked well the first year, but the group's percentage of system ridership increased in the second year. Mr. Pangborn replied that when the contract was renegotiated, the formula would be recalculated using the larger percentage. However, with the smaller organizations, it may not be necessary to recalculate each year.

Mr. Brandt asked if capital costs were included in the marginal cost figure. Mr. Pangborn said they were not, but were included in the total fixed overhead. Mr. Montgomery wondered if the District would always be a year or two behind in collecting for ridership increases, if the formula were recalculated after ridership increases occurred. Mr. Pangborn said that was correct; the District would absorb the cost and then charge for it the following year. Mr. Andersen wondered what would happen if a large group pass program like the UO program ended. Mr. Pangborn said the District would have to "tool down." The intent, however, is to institutionalize the programs so that doesn't happen.

Mr. Pangborn then explained the capital formula for pricing. The current fleet size (77 buses) is multiplied by the percent of ridership increase, and that number is multiplied by the current cost of a new bus. That number is then multiplied by the percent of local share (50 percent) to find the local cost of one bus, which is then divided by the average life of a new bus (15 years), to find the annual cost for the participants share of the fleet. Mr. Brandt said that the assumption would then be that the program would be in effect for 15 years; if not, LTD would not receive the full cost, or would have to add a new program to make up the difference. Mr. Pangborn said that if the program stopped but the riders stayed in the system, they would pay more as individuals. Another way to look at this situation would be to acknowledge that the District had accumulated some money toward the purchase of a new bus, rather than paying part of an already-purchased bus. In theory, the formula would have to be recalculated every year or two, because the percent of system ridership could change, and the District may want to make inflationary increases in the cost of a bus.

Mr. Brandt said that this formula also ignored concentrations of service, assuming that ridership would be equal throughout the service area. New riders could make up a large percentage of a particular route, and parts of the system would be overloaded faster, so the incremental costs could be a lot greater in a concentrated setting. He thought the District should be careful about that when planning bus purchases or service changes. Mr. Viggiano said that, in theory, some of that should be covered. System-wide increases would not necessarily relate to a particular program, but the program would pay the full marginal cost of direct service increases. Staff would try to anticipate those needs and plug them into the calculations.

Mr. Parks said that what bothered him was that the District was acting as a private company and providing private service to various companies, while acting as a public agency running a transit system on the other hand. Mr. Pangborn said that, if the UO were a private employer, the District would consider the transportation needs and how best to serve that market. Some of the District's resources might be channeled toward one market, such as the UO, but the service is open to anyone. Sacred Heart employees ride to the same destination as UO riders, so the District responded to a transportation need that affected the entire community.

Mr. Brandt wondered why a private business should pay 80 percent so Sacred Heart could get a good deal. Mr. Andersen likened this situation to paying taxes to fix a specific street in the city. Mr. Parks said it appeared to be that way. Ms. Calvert said Harlow and Coburg Roads were widened to get people to Valley River Center, and the property owners along those roads paid for the street widening. Mr. Parks said he hoped the group pass program really caught on, but if it did, he said, LTD would have to explain why it was competing with private business. Mr. Brandt said the taxpayers would still have to pay more money so a handful of businesses could receive the benefit. Mr. Parks added that the payroll taxpayers want to keep LTD's budget down so they can keep their taxes down. He said the Board needed to consider why the District exists and for whom it provides service. Mr. Brandt said maybe the District should select organizations which it believes to be an integral and important part of the community. However, Mr. Andersen thought maybe the program should be open to any organization of at least 50 people, rather than having the District make value judgments about who is important to the community.

Mr. Brandt said he thought this issue needed a lot more discussion, and that the taxpayers would revolt if they saw this projected out on a computer. He said it was a complicated program and would self-destruct in the future. Mr. Parks said that the more people who rode, the tougher it would be on LTD. Mr. Andersen said the program would not need to be marketed, since people were already making requests to LTD. Ms. Loobey said the marketing efforts would be made toward group members, as in helping them with trip planning.

Mr. Pangborn said that the District's mandate was to get as many people as possible on the buses. However, Mr. Brandt thought the mandate was to provide a good transportation system, or else the system would be free if the goal was to have everyone riding. Mr. Parks said that 20 percent of revenue for a farebox-to-operating cost ratio didn't sound good on a profit statement. Mr. Pangborn likened transit to a library or the police department in that regard.

Mr. Brandt said that if costs were not increased, but ridership increased, the program would self-destruct. He said the service could not work on an 80/20 split forever and keep the community happy. Mr. Pangborn said the payroll taxpayers were split on the issue, and that staff struggle with the equity issue daily. For example, service to the Jessen loop is expensive to operate for the number of riders. Mr. Montgomery said a group pass program with a business in the Jessen area would aide the Jessen residents by subsidizing their service.

Mr. Brandt said it was good to be talking about the group pass program policy, because not enough time had yet been spent working through the issues. He said something was still not adding up for him.

Mr. Andersen wondered why the estimated cost for LCC would be $345,000, which seemed to be a lot more than $19 per year per student. Mr. Viggiano said that the farebox revenue from LCC is high because of high ridership, so the cost to replace that revenue, plus the additional service and other costs, would be $16 per quarter per student, or $64 per year per student. Mr. Pangborn said that the District would also have to add extra service to accommodate more riders, and LCC is a long way away.

Ms. Calvert left at this point in the meeting. Mr. Parks assumed the role of presiding officer.

Ms. Loobey said that Sacred Heart Hospital is a taxpaying organization and already subsidizes the entire system, so the non-taxpayer part of the formula would not apply to Sacred Heart.

Ms. Fitch asked if any calculations that fell below $19 per person per year would be increased to that as a minimum. Mr. Pangborn said that Sacred Heart's program calculated at $15 or $16 per year without extra service, so would pay the $19 minimum. Until ridership increased that much, the hospital would be contributing to the rest of the system.

Ms. Loobey stated that Sacred Heart was already subsidizing the cost of capital and service through taxes, so the only outstanding question was whether all their employees would be included in the program, or not. Mr. Andersen asked if LTD could say no to a group pass program at Sacred Heart. Ms. Loobey wondered if the Board would want to say no, and if there was a real need to do so.

Mr. Brandt said he didn't think the District had the right cost yet. He thought it was too good to be true, and wanted to be sure the costs had been worked out on all the scales that could occur. Mr. Parks suggested having a provision for increasing the cost of the program if a certain number of employees ride, such as 5,000 at the UO. Ms. Loobey said the UO pays the marginal cost of additional service for that particular program. However, Mr. Montgomery remarked that the District was always in a catch-up position in collecting for those costs.

Mr. Andersen wondered if the Board would have to or should be making decisions regarding every group pass program. He said he would like to determine the policy so that staff could make those decisions. Ms. Loobey informed the Board that Sacred Heart would like to begin a program on May 1, but staff had made no agreement, pending further discussion and a decision by the Board. If the Board did not meet again until May, the staff would be in a position of not responding to Sacred Heart, the second largest payroll taxpayer in the community. Mr. Brandt wondered, however, if it would be in the District's best interest to rush into a decision.

Mr. Andersen reiterated that he did not want to be making individual decisions on everyone who applied for a group pass program. If the Board set a policy, staff could decide based on how an organization fit into the formula. Ms. Fitch stated that availability within the system to handle the program should be the primary consideration. Ms. Loobey said that staff were looking at the potential ridership of groups in relation to the availability of service. That is why LTD can't serve LCC until the fall of 1991. However, she said, the District does have the capacity to absorb what staff anticipate will be Sacred Heart's ridership.

There was some discussion about meeting again to discuss this issue before May, or returning to Sacred Heart to say that staff are not ready to respond. Ms. Loobey thanked the Board for the good discussion that evening, and suggested that the Board adjourn to a time before the next monthly meeting in order to maintain the momentum from that evening's discussion. She added that staff had hours of internal debate about the policy and what it means for LTD. Mr. Brandt said he would like to see staff put the projections on the computer to see what happens as the program grows. He was also concerned about charging a program the cost of buses over a 15-year period, since the District cannot pay for them incrementally. He said the District needed to be sure it didn't get into a situation that was too good for a few people but not for everyone who asked because it couldn't buy enough buses.

Ms. Fitch said the Board needed a policy, but she wasn't sure it was essential with Sacred Heart. However, Mr. Brandt and Mr. Andersen thought the policy should come first, to explain why LTD would say yes to some programs and no to others. Mr. Andersen said he thought the policy was a good one, although it had some language problems he would like to address later. Mr. Brandt said he could be convinced of a program in which groups fit into the current available service and the District never added incremental buses for programs. He said he hadn't understood that LTD would have to do that for the UO. Ms. Loobey said this was a complicated issue. The District's role is to provide a viable alternative to the automobile and make it convenient for people. However, if the system becomes filled to capacity, LTD can't offer a convenient alternative without adding more capacity.

Mr. Parks asked if the group pass program was discussed at the goal-setting session, which he had missed. Ms. Loobey said goals for system ridership and productivity were discussed, but not the group pass program.

Mr. Andersen asked what Sacred Heart's reaction would be if told the District needed another month to make a decision. Mr. Pangborn said the hospitals problem wouldn't go away in that time. Mr. Montgomery asked if Sacred Heart would be considered at the $28 or $37 level. Mr. Pangborn said it would be neither, since Sacred Heart is a payroll taxpayer.

MOTION Ms. Fitch moved that the Board adjourn to Wednesday, April 25, 1990, at 6:00 p.m. to continue the discussion and the rest of the agenda items. The motion was seconded. Mr. Brandt said he was not in favor of meeting then. He thought the discussion would take more time than that, since the Budget Committee meeting was scheduled for 7:30 p.m. that same evening. It was

VOTE determined that Mr. Herzberg and Ms. Calvert could not attend on April 25. The motion failed 4 to 2, with Andersen, Herzberg, Brandt, and Montgomery voting in opposition, and Ms. Calvert no longer present.

New Letterhead Look: Mr. Andersen asked if Marketing would still need to spend money on consultants after the addition of more graphic artist time in-house. Mr. Bergeron said it would be necessary for the kind of design work involved in the letterhead update, for example.

ADJOURNMENT: Mr. Brandt said he didn't mind a dinner meeting; he just didn't want to have another meeting at 6:00 p.m. when the Board is already having meetings every week. Mr. Montgomery said he was in favor of a special work session, but thought it would take longer than the time available on April 25.

MOTION Mr. Brandt moved that the meeting be adjourned to 7:30 p.m. on Wednesday, May 2, 1990,
VOTE in the LTD Board Room. Mr. Andersen seconded the motion, which then carried 5 to 1, with Mr. Herzberg voting in opposition and all others in favor. The meeting was adjourned at 10:35 p.m.

H. Thomas Andersen
Board Secretary