MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, October 17, 1990

Pursuant to notice given to ***The Register-Guard*** for publication on October 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, October 17, 1990, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: H. Thomas Andersen, President, presiding
Janet Calvert
Tammy Fitch, Secretary
Herbert Herzberg
Thomas Montgomery
Keith Parks, Vice President
Mark Pangborn, Acting General Manager
Jo Sullivan, Recording Secretary

Absent: Peter Brandt, Treasurer

CALL TO ORDER: The meeting was called to order at 7:30 p.m.

INTRODUCTORY REMARKS BY BOARD PRESIDENT: Mr. Andersen reported to the Board on the Oregon Transportation Conference open house which had been held at LTD the previous Sunday. Mr. Parks and he had both attended, and approximately 80 people from other facilities and organizations had toured the facility. Mr. Andersen said he had welcomed everyone on behalf of the Board, then the groups had toured the facility, ending in the cleanest maintenance facility they would ever see, for wonderful catered food.

Mr. Andersen said he heard only favorable comments about the facility; everyone was impressed with how it had been planned; and a number of people from other areas were pleased that LTD had something built specifically for transit.

Mr. Andersen also encouraged all the Board members to attend the strategic planning session which had been scheduled for November 9-11. He said he thought this session would have some long-term benefits for the Board and for the transit district in general.

EMPLOYEE OF THE MONTH: Mr. Andersen introduced the October Employee of the Month, Leroy Wells, who had been employed as a bus operator since 1975. Mr. Wells had received his 15-year safe driving award, and had never had a preventable accident. Mr. Andersen said he had seen Mr. Wells testify before the Board regarding service for the passengers on the Jessen route, and added that he thought that kind of testimony was helpful for the Board. He thanked Mr. Wells for his team effort.

Mr. Wells said he had thought the Employee of the Month award was elusive because he does say what he thinks, but that he does like his job and LTD. He added that his main concerns were his passengers and the community and LTD clicking together as a team.

AUDIENCE PARTICIPATION: Mr. Andersen asked for participation from members of the audience. There was none.

MOTION **APPROVAL OF MINUTES**: Ms. Fitch moved that the minutes of the September 19, 1990, regular Board meeting be approved as corrected and distributed before the meeting by VOTE the Executive Secretary. Ms. Calvert seconded the motion, and the minutes were approved by unanimous vote.

ACCEPTANCE OF AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 1990: Mr. Andersen introduced John Joyce of Coopers and Lybrand, the independent auditors who performed the audit for the year ending June 30, 1990. Mr. Joyce stated that this was Coopers and Lybrand's third year as the District's auditors, and that they had worked with three Finance Administrators, which has made their tenure more difficult.

Mr. Joyce referred to the management letter, in which Coopers and Lybrand had suggested that LTD look at accounting systems to see what might be available to better fit the District's needs, and perhaps be less cumbersome to work with. He said also that there were some retainage accounts which were not collateralized but needed to be, because LTD's name was on the account. The auditors had made some suggestions regarding the signing of checks, and suggested that the District explore using a facsimile signature for one signer. With the current policy, two people are required to sign, even for payroll transfers between two accounts, for money that does not move outside the District.

Some compliance issues from prior years had been resolved. The auditors found no problems this year with the Davis Bacon Act. Mr. Joyce added that Coopers and Lybrand had a good session with the audit this year, and would be happy to continue to serve the District in this capacity.

Mr. Andersen asked if paying at the current rate for vacation time earned several years ago was standard practice. Mr. Joyce said it was done this way, and also by freezing the vacation time at the wage at which it was earned. Mr. Andersen asked if that would become an auditing nightmare. Mr. Joyce said it could become cumbersome; but usually it was done by taking the oldest hours first. He said the auditors were not suggesting that anything was necessarily wrong with the policy, but were suggesting that the District may want to look at this since it had been in practice for four or five years. Mr. Andersen asked if Mr. Joyce knew how much the current policy cost the District. Mr. Joyce replied that it could be determined based upon the number of hours, but he didn't recall the number.

Mr. Andersen asked if the software system was not any good, and if it was brought from the old facility. Mr. Pangborn replied that it was brought from the old facility, and was in its third year of use, and was software used on the District's computer network. When this software was purchased, LTD was switching from the Point 4 computer system to a microcomputer network, and staff had known it had its limitations.

Ms. Calvert asked if the District was putting aside money to adequately fund vacation accrual. She remembered that was an issue several years ago. Mr. Joyce replied that there were adequate funds available to cover vacation accrual and sick leave, unless everyone decided to take vacation at one time, because the year-end cash balance in the General Fund was only $200,000. Mr. Pangborn added that this was only for administrative staff; that contract employees have to use any vacation time they accrue each year.

Ms. Fitch wondered if the Board had looked at post-retirement benefit obligations. Mr. Pangborn said that the District pays a Medicare supplement to retirees, and as the District has grown, the number of retirees and the amount that the District has contributed had grown over the years. The audit report alluded to a coming change in accounting rules, so the District may have to create a reserve account to cover the District's liability for retirement medical supplements. Tim Dallas, Director of Operations, added that LTD's liability is limited, since the District contributes a specific dollar cap per month, limited to the term of the labor agreement.

MOTION
VOTE

Ms. Fitch moved that the Board accept the audit report and management letter and audit report as presented by Coopers and Lybrand. Ms. Calvert seconded, and the motion carried by unanimous vote.

Mr. Pangborn told the Board that staff would like to convene the Board Finance Committee to review in more detail the audit report, as well as to consider whether the Board wished to renew the auditors' contract, since the initial three years had ended.

DESIGN AWARD FOR LTD FACILITY: Eric Gunderson, an architect with Wilson Gunderson Bryant Seider, who designed LTD's new facility, attended the meeting to present two awards from the Southwest Oregon Chapter of the American Institute of Architects. He explained that every two years the Southwest Oregon Chapter of the AIA holds a design awards program in order to recognize excellence in design. Mr. Gunderson said it was significant that the award goes both to the owner and to the architect. He said he knew of few other projects in which recognizing the owner was as important as it was in this case, because the District challenged the architects from the beginning, and was relentless in seeing that everybody from the cleaning crew to the dispatcher had the best possible work place. This year's jurors were Ned Voboda of Thompson Voboda Architects in Portland, who designed the new Nike building in Portland; James Cutler, from Seattle, and Douglas Beauchamp, the Executive Director of the Lane Regional Arts Council. Both Mr. Voboda and Mr. Cutler had received a number of national awards, and Mr. Beauchamp had participated in the selection of the artwork for LTD's new facility. Mr. Gunderson said it was a matter of great pride for him to see the District honored in this way, and also made the architects feel good to receive the awards.

The first was a merit award, which is the highest award a local chapter can give for design excellence. It was awarded by jury from among 18 entries. The second, the people's choice selection, was not highly publicized but involved voting by almost 800 people in the local area. To win this award, LTD competed against some very compelling, more visible projects, such as the Lively Swim Center. Mr. Gunderson said it was an accomplishment to be chosen third, after the Lively Swim Center and the new EWEB building. After working with LTD for five years on this facility, he said, this award was a special thanks to all of the Board members and employees.

Mr. Andersen presented Mr. Gunderson with a small wooden bus, with an engraved placque that read, "Eric Gunderson, Architect Par Excellence, AIA/LTD Award Winner, October 1990." Mr. Gunderson said that it had been his special pleasure to work with the District. Mr. Andersen added that all opinions he had heard, especially at open houses and tours, had praised the facility's design.

INCREASED FTE FOR ADMINISTRATIVE SECRETARIES: Ms. Fitch asked if staff were recommending the addition of a position. Mr. Pangborn explained that current staffing was at 2.2 FTE, filled by one full-time and two part-time secretaries. He stated that staff expected to find efficiencies at the new facility, and had, but whether it was due to specific work load increases, such as the current gulf crisis, or to the nearness of other staff, now all in one building, requests for work to be performed by the secretaries had increased. Mr. Pangborn said staff were requesting an increase in funding for the classification by .4 FTE, which would be split between the two current part-time positions. The cost for this increase, including a proportionate increase in benefits, would be $11,000 for the balance of the fiscal year. Mr. Pangborn added that there were some ways to generate the revenue to offset that amount, which would be discussed later in the meeting.

Mr. Pangborn said that the staff recommended that the Board approve the increase. He explained that staff did not usually make this kind of request in the middle of a budget year unless faced with some compelling reason. During the current year, each one of the divisions has tried to off-load some of its work load on the secretarial staff, and this had made it difficult for them to meet deadlines and complete the work load within the budgeted hours.

Ms. Fitch and Mr. Andersen wondered if staff would be asking for another increase again later. Mr. Pangborn said he could not promise that they would not, and that over the long term, they probably would need more secretarial hours. The District had stayed within the two secretarial staff during the eight years he had been with LTD, and it was possible that an increase to 3 FTE would be necessary in the next two or three years.

Mr. Pangborn discussed the automation of the secretarial function at LTD, including in-house desk top publishing of such publications as the Oregon Transportation Association conference agenda, the audit report, and the Transit Development Plan, which would be handed out later. The secretaries over the years have assumed more complex and sophisticated tasks. Mr. Montgomery asked if having these capabilities actually saved the District money. Mr. Pangborn replied that they do, in terms of layout and printing costs, outside graphic artists, etc., and was quicker because it was all done on the computer, but did take secretarial time. He added that staff had become more ambitious over the years, assuming tasks that had been done by outside professionals, or that had been done less professionally in-house, four or five years ago. Mr. Montgomery commented that this FTE increase was somewhat of a trade-off, as opposed to adding staff plus going outside for this kind of work. Ms. Calvert added that all offices are facing this, and that making something prettier may not be the best direction, but that offices have to make those decisions. Mr. Pangborn stated that "making things prettier" and more sophisticated was becoming a general expectation in the work place.

Mr. Andersen commented that work expands to fit the time allotted, and that he was worried about "starting down a slippery slope," and it was his guess that the secretaries would find it difficult to do their job on 2.6 FTE. Mr. Pangborn stated that this worry applied to almost all positions in the District, because the District had grown over the years, with a tremendous growth in ridership. LTD had been able to respond to that growth by putting most of its resources into drivers and mechanics. and Mr. Pangborn said that at some point you reach a "crush point" where support services also have to be expanded.

MOTION Ms. Calvert, after recognizing the Board's concerns about the "slippery slope," she moved that the Board approve an increase of .4 FTE, with a corresponding increase in benefits, for Administrative Secretaries in the General Administration budget. Mr. Montgomery seconded, and the motion carried by unanimous vote.

VOTE

IMPACT OF BALLOT MEASURE 5: Mr. Andersen stated that Ms. Loobey would have been the one to present this issue, but was not present because of illness. He presumed that if she were there she would discuss this with the Board at some length, and urge them to take a position. He said he normally liked to take positions on things, but that since no District funds would be used to support the Board's position, he didn't think it would make much difference. He saw no reason to endorse the defeat of this ballot measure.

Ms. Fitch clarified that even if no District funds would be spent, if the Chamber or another group wished to spend money on the issue, the Chamber could add LTD's name to whatever it did. Mr. Montgomery asked if there were some precedent for taking a stand on this issue, and if the Board had taken a public position on issues in the past. Mr. Andersen stated that it related in some way to long-range planning. During the last legislative session, Ms. Loobey was very active, and the Board had some concerns whether she was speaking on behalf of herself or LTD or the Oregon Transit Association (OTA), or her position in another organization. He remembered that the Board had been willing to take a position, but had wanted to do that before Ms. Loobey did so. He said he didn't remember that the Board took a position on ballot measures; rather, Ms. Loobey took positions, as the General Manager or an OTA officer, on legislative issues, as opposed to electoral issues. Mr. Pangborn said that, if a distinction is made between general issues and issues that directly affect LTD, then the Board has taken positions on specific transit-related issues in the past, but not on general issues. Mr. Dallas' recollection was that the Board took positions when there was pending legislation affecting transit.

Mr. Herzberg said that he had been in support of Ballot Measure #5 for quite awhile and didn't think the Board should take a position. He said he had worked during the last four sessions to do something about property taxes and school support, and had decided that the only way to get the legislature to do something was to force the issue by means of a ballot measure. He said he knew Ballot Measure #5 would create a lot of problems, but wasn't sure how else to do it. He said this would be his position no matter what. Mr. Parks said that part of his frustration was that the people vote down everything the legislature had proposed.

It was Ms. Fitch's opinion that, since District Counsel had rendered an opinion stating that Measure #5 would have no direct impact on LTD, the Board should not take a position. Mr. Andersen stated that, for a number of reasons, the Board could not reach a consensus on what position the Board should take on Ballot Measure #5, so it was not appropriate to take a position. No action was taken on this agenda item.

ITEMS FOR INFORMATION AT THIS MEETING:

Downtown Station Site Selection Update: Mr. Viggiano said that the Committee was in the midst of studies of four finalist sites, and that action had been taken on two different items. One was to provide a fairly detailed space needs analysis, to determine what LTD would like to accommodate on the site. The staff memorandum listed some amenities for the new downtown station. Some of those were fairly obvious, such as bus bays and customer waiting and loading areas, but some were less obvious, such as the Customer Service Center (CSC), employee restrooms, and possibly public restrooms, an employee lounge, a downtown meeting room, and a security office. Square footage estimates were developed, and the next task was to try to fit those amenities on a half-block site.

Mr. Viggiano used overheads to show different configurations for a proposed transit station. The one which staff thought would be most effective had room for 26 buses to park, around a single passenger loading area, with space for two articulated buses off-site, on the street. The plan used an alley, which may not be available at every site, and one lane of the public street, which also may or may not be available, depending on the site. This half-block design did not allow all the square footage needed for all the support functions. The Downtown Station Committee had decided that the District was probably trying to crowd too much on a half-block site, and directed staff to concentrate their design efforts on the two larger sites. The Committee had requested land costs and site plans for their next meeting.

Jack Roberts of the Lane County Board of Commissioners had joined the Site Selection Committee as a County representative. This addition was important because the County owned two of the sites under discussion. Mr. Andersen added that Mr. Roberts had been a positive addition to the last meeting. Mr. Pangborn said there was no guarantee that he would be able to convince the Board of Commissioners of the Committee's choice, but he would have good input for the Committee. Ms. Calvert said there probably would be no site that everyone would agree on. Mr. Andersen said it was his understanding that Debra Ehrman would be appointed by Mayor Miller to take the position on the Committee which Rob Bennett was vacating, following Ms. Calvert's call to the Mayor.

Ms. Fitch wondered if concentrating on only two sites would mean that the site study costs would be lower. Mr. Viggiano replied that the new cost estimate was $38,000 instead of $58,000, so LTD's cost would be $28,000, with the City contributing $10,000.

Fuel Costs Update: Ron Berkshire, Maintenance Administrator, stated that the current Middle Eastern Gulf crisis was having an impact on LTD's fuel budget. He used a chart to show the history of fuel prices in the last few months, showing a trend through summer into winter, when there is a traditional escalation in prices as refineries gear up for lighter fuels, such as stove oils. Diesel then becomes less important in the distilling process, and the price increases as there is less diesel fuel on the market. Last year, there was a sharp peak in prices in March, during a late cold spell.

Mr. Berkshire said that a little over 84 cents a gallon had been budgeted for fuel for the current fiscal year. During the last few days, prices had increased a couple of cents each day, and had reached $1.20 per gallon from a low of $.59 to $.63 per gallon in July and August.

Mr. Berkshire was hopeful that the retail market would follow the slight decline that the futures market was showing.

Mr. Berkshire explained what would happen if the District had to maintain the current price of $1.20 per gallon for the rest of the fiscal year. The average cost in the first quarter was 85 cents, so there had been a 41 percent increase, which would result in a $178,514 deficit by the end of the fiscal year. In a worst-case scenario, with a 10 percent increase in costs over the next two quarters, the District would face a $250,000 deficit. If costs were then reduced 5 percent during the third quarter, the deficit could be as low as $155,000. And, in the most optimistic scenario, if there were a 15 percent decrease in costs by the fourth quarter, there would still be a deficit of about $121,000. It normally takes awhile for prices to go back down after an increase, so there is a potential that the Gulf crisis will have a substantial impact on the District's budget.

Ms. Calvert said she found it interesting that, adjusted for inflation, the price of gasoline had not changed much during the last 17 years. She asked how the District would cover the increased fuel costs. In response to a question from Ms. Fitch, Mr. Pangborn stated that $200,000 was budgeted for contingency this year.

Mr. Montgomery asked if the federal government planned to increase the gas tax by as much as 10 cents per gallon. Mr. Pangborn replied that President Bush's original plan was for an 8-cent increase, but now there was talk of a higher increase. None of those increased funds would be for transit; they would be used to reduce the federal deficit.

Mr. Pangborn called the Board's attention to a comparison of gas prices and taxes in other countries, found on page 35 of the agenda packet. The highest tax per gallon was $2.88 in Italy, and the lowest was $.31 in the United States. However, the U.S. has the highest rate of fuel consumption. In other countries, 50 percent of the cost may be for taxes, and 50 percent for fuel, and that tax money goes back to the local areas as a subsidy for increased transit use. In the United States, however, the cost is closer to 80 percent for fuel and 20 percent for taxes. Mr. Pangborn added that the U.S. buys and uses more fuels, so sends its money to other countries as a payment for fuel, and those countries loan that money back to the U.S. and finance the U.S. debt with U.S. money, and charge interest. If the U.S. charged a higher tax and reduced the consumption, more of that money could be kept in the country to support transportation.

Mr. Pangborn stated that LTD does not pay taxes on its fuel, so the cost for the product, refinement, and delivery is $1.20 per gallon. In answering Ms. Calvert's question about paying for the fuel cost deficit, Mr. Pangborn explained that there were several non-budgeted expenses for the current fiscal year. Those included approximately $180,000 for fuel; an unknown amount for increases in the labor agreement which had not yet been settled; and $11,000 for increased secretarial support, which he said was not a significant cost in comparison with the others, but was still a known cost. This amounted to approximately $200,000 in known costs, equal to the amount budgeted for contingency. Assuming that the District spent all the budgeted money in all other categories and had no savings, the budget could be balanced fairly closely.

Mr. Pangborn said that there were other flexibilities in the budget. First, payroll tax revenues had been budgeted very conservatively, with an anticipated 3.7 percent increase. However, growth in payroll tax revenues had been 5.1 percent during the first quarter. Projected out over the entire year, with a differential for some anticipated layoffs in the timber industry, this could generate as much as $75,000 in additional revenues for the year. Also, passenger fares were doing very well, and staff were assuming that the oil crisis the reason that more people to riding the buses, and those people were paying cash fares. Passenger revenues were budgeted a 4 percent increase, but the average monthly increase for the first quarter was 7.5 percent, which could mean as much as $60,000 in revenues for the year. If the District still has capacity on the buses, this amount could be even higher over the year. However, if there are too many riders for the current system, it would cost more to add service capacity.

Ms. Fitch said that the financial report on page 51 of the agenda packet showed that passenger revenues were only a percentage of what was expected. Mr. Pangborn explained that passenger revenues are cyclical, and typically lower during the spring and summer. The District was actually running ahead of where it was at the same time last year, by 7.5 percent.

A third revenue source, Mr. Pangborn said, was that the District was probably conservative by as much as $90,000 in budgeting interest earnings. On the other hand, if the Gramm Rudman Act would take effect, the District would lose almost 40 percent of federal funds. This would be a very serious problem which would require serious cuts in service or an increase in the payroll tax.

Mr. Pangborn also discussed a couple of other options for managing revenues and expenses. The District had budgeted $400,000 in expenses as a transfer to the Capital and Risk Management Funds, in order to build the CIP for future years and meet risk management costs. The District could choose to transfer that money to the operating budget if needed. However, this would not solve the District's problems in the long run, so would have to be carefully considered when considering next year's budget.

Mr. Pangborn described the current situation as a challenge, but not a catastrophe. It provides the opportunity to get more people on the system, and in the end, the community would benefit and LTD could provide a service, but not without some costs and expenses, so the District will have to be creative in its solutions.

Ms. Fitch said she would appreciate receiving information in the agenda packet each month regarding the price of fuel, possibly including a graph showing prices and trends, or where the District is headed.

Mr. Parks asked if there were any rules about standing passengers. Mr. Pangborn said there were currently standing loads on service to Sacred Heart Hospital and the University of Oregon. LTD's customers were not used to that, and staff have had to work with customers to help them realize they may have to stand on LTD buses. If the District had a policy that everyone needed to have a seat, there would be some costs in terms of equipment and service to accommodate those who would be left at stops.

Mr. Parks commented that during the last gas shortage, the buses were so crowded that people couldn't even get on. Mr. Pangborn said that raised a good point; that the Board and staff had worked hard to position the District to be able to respond in such a crisis. The Tri-Met buses currently being used as spares were one example, but if ridership doubled, the District would not be able to handle the loads. Staff were hoping that the new buses on order would arrive in February and March, so the District could respond to a crisis, but there would still be some costs for adding service.

Ms. Calvert asked when people were required to stand. Stefano Viggiano, Planning Administrator, replied that there are normally standing customers on morning and some afternoons trips to downtown. Ms. Calvert said that the community could do some creative things with flexibility in work hours, etc. Mr. Viggiano also explained the District's current policy, which was that bus capacity was equal to 1.5 times the seated loads, which meant that 20 to 24 people could be standing, depending on the size of the bus. If there are more riders than that, the District sends extra buses to handle the overloads. Normally, buses were crowded toward the end of the route, so people were not standing more than about 10 minutes. He said he had received a call from a rider who said that a pregnant woman had to stand from River Road to the UO, and no one had offered her a seat. One solution to problems like that would be to train the bus operators in better ways to help customers with common courtesy issues such as this. Mr. Pangborn said the District may also have to change the policy to allow standing for more than the current 10 minutes.

Mr. Parks said the Board and staff had previously had an in-depth discussion about this kind of overloading happening with the UO program, but now it seemed to be happening faster than expected. He saw two alternatives, to either raise taxes or cut service. Mr. Dallas commented that this type of overloading was happening on some parts of the system at some times during the day. The system was currently based on the number and length of times a bus stopped to pick up customers. If more people and more stops caused too many problems for the current system, the system would have to change. Things such as wear and tear on brakes would also occur more rapidly and have to be considered in the system costs.

Transit Development Plan: Mr. Pangborn handed out copies of the Transit Development Plan (TDP) for the current fiscal year. He explained that this document was developed annually, and included a historical record of the District, a five-year service plan, a list of employees, and annual goals and action plans. It served as a reference document for staff, and met a requirement for federal funding, as well.

Legislative Issues: Mr. Andersen called the Board's attention to draft statements in the agenda packet, and asked if the Board would be asked to take any action on these issues. Mr. Pangborn replied that they were just in draft form at that time. If the Eugene/Springfield community could unite on federal and local legislation, there would be an opportunity to accomplish more. LTD had begun talking with School District 4-J, the Cities of Eugene and Springfield, Lane County, etc., in order to develop unified goals for local and federal legislation. Mr. Pangborn stated that this required more than a parochial view; that light rail in Portland was important for transit in the entire state, and required LTD's support for other areas' transit needs in return for theirs. Some of the issues being discussed were property taxes, school financing, housing, etc.

Ms. Fitch asked why Springfield School District 19 and the Springfield Utility Board were not included in these discussions, since there was more to Springfield than just the City government. She said Springfield would be out-voted on the issues, so they really became Eugene issues. Mr. Pangborn said he did not know the answer, but would discuss this question with Ms. Loobey. He added that he had not had time to talk with Ms. Loobey, since she was ill, but he thought the object of including these items in the agenda packet was to ask the Board members to review the drafts and see if they were comfortable with the concept, and then with the issues under discussion. He said that if the Board was uncomfortable with or divided on any issue, they might want the draft to leave out that issue or take a different approach. Ms. Calvert asked if there would be time to discuss this at the Board's strategic planning retreat. Mr. Pangborn said he would make a note to add it to the agenda.

Mr. Parks asked if it was staff's hope that these groups would agree on one central statement, and said he didn't think that would be possible. Mr. Andersen agreed, wondering how all groups could agree, when the Board could not even agree on one ballot measure that evening. Ms. Calvert said that even if the groups did not have absolute agreement on some things, at least they were having those discussions and could understand each other's positions.

Board Strategic Planning Retreat: Mr. Montgomery stated that when he left on his vacation, he was available to attend the retreat on November 9-11, but found out when he came back from vacation that there was a good chance he could not attend a retreat on that weekend. He wondered if this would cause a problem for the retreat. Mr. Parks said that if Mr. Montgomery missed the retreat, no one would fill him in on what happened, because a similar situation had happened to him. Mr. Pangborn apologized if that had happened to Mr. Parks, and said that staff did have plans to meet with Mr. Herzberg to discuss the retreat with him, since he could not attend.

Mr. Parks also said that part of the value of a retreat was to enable the Board members to know each other better and increase their understanding for working together. He said that anyone who was not a part of those relationships set at such a retreat would be left out. Mr. Andersen commented that the retreat was down to five out of seven members. The Executive Secretary had surveyed the Board for possible dates in October and November, and there were no dates when all Board members could attend, and there were some when more than one would be absent. Ms. Calvert asked if it would be more important for new members to attend than those who had been on the Board longer, such as herself. Mr. Herzberg said he had no problem with missing the retreat. Staff offered to help solve Mr. Montgomery's day care problems so that he could attend the retreat.

Mr. Dallas said he had met with Jeff Luke, who had been hired as a consultant to work with the Board and staff at the retreat, to begin setting the agenda. Preliminary plans called for Board meetings with staff on Friday afternoon and evening, and some family involvement with the Board and staff on Saturday.

Oregon Transportation Conference Highlights: Mr. Pangborn stated that almost 200 people had attended the conference, and that Marketing Representative Connie Bloom

Williams had planned a fantastic meal and show for attendees at the Emerald Valley Resort, at which Senator Mark Hatfield had been the featured speaker.

Quarterly Financial and Performance Reports: Tamara Weaver, Finance Administrator, said that there was nothing of significance to report for the first quarter, but that future quarters would be very important to monitor, due to projected increases in costs and ridership. Ms. Fitch asked if it was typical for materials and supplies to be running so far ahead during the first quarter. Ms. Weaver replied that it was, that many of Marketing's greatest expenses in this category occur during the first of the year.

Ms. Calvert asked if more service caused more preventable accidents. Mr. Dallas replied that he thought those were just quarterly variances at that point, that there were no observable trends related to ridership. He explained that the District's definition of "preventable" encompassed more than a definition for "at fault." In other words, if the driver could have done something to prevent an accident, whether or not he or she was at fault in causing the accident, then it was considered preventable.

SAIF Refund: Mr. Pangborn announced that SAIF Corporation was making arrangements to refund approximately $160,000 back to the District. This would be the largest single refund ever awarded. Mr. Andersen said he was asked to attend as President of the Board. Mr. Parks asked if that was a conflict of interest, since Mr. Andersen was an Assistant Attorney General for the State and a special assistant attorney assigned to SAIF. Mr. Andersen said he looked at that issue when he was appointed to the Board, and it was not a conflict of interest because there is no mention of monetary gain for him.

Mr. Andersen stated that the District obviously was doing an excellent job, as shown by the huge refund. He asked how that refund would be spent. Mr. Dallas replied that it could be used to offset the need for additional funding for Risk Management for future years. Mr. Pangborn said it had come out of a special fund (Risk Management) and should probably be returned to that fund. This could reduce the amount budgeted to be transferred from the General Fund to the Risk Management Fund at the end of the fiscal year.

EXECUTIVE SESSION PURSUANT TO ORS 192.660(1)(d): After a short break, Ms. Calvert moved that the Board adjourn to an Executive Session pursuant to ORS 192.660(1)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. Mr. Parks seconded, and the motion carried by unanimous vote.

RETURN TO REGULAR SESSION AND ADJOURNMENT: After returning to regular session, the meeting was unanimously adjourned.

Tamara Fitch
Board Secretary

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