

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, September 18, 1991

Pursuant to notice given to *The Register-Guard* for publication on September 13, 1991, 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, September 18, 1991, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: Jack Billings
Peter Brandt, Treasurer
Janet Calvert
Tammy Fitch, Vice President, presiding
Thomas Montgomery
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

Absent: Keith Parks, President
(vacancy in subdistrict 5)

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

EMPLOYEE OF THE MONTH: Ms. Fitch explained that the July and August Employees of the Month could not attend the meeting that evening, but would attend in October. She introduced the September Employee of the Month, Customer Service Representative Julia Holmes. Julia was nominated by bus riders, who appreciated her sense of humor and her courteous, knowledgeable service. Customer Service Administrator Andy Vobora was quoted as saying that Julia was an employee who could be counted on to be at work, on time and ready to help her customers, and who was also an asset to the District because of her bilingual abilities. When faced with new or difficult situations, she worked extra hard to improve her performance. She had not missed a day of work since she was hired in May 1990.

Ms. Fitch presented Julia's award, letter, and check to her. Julia said she appreciated working for LTD, and that she was very honored to receive the award.

AUDIENCE PARTICIPATION: Paul Bonney, of 522 Antelope Way, Eugene, expressed his appreciation for the bus stop shelters being installed along Coburg Road. He also commented that the people who were having trouble finding parking near the LCC Downtown Center should ride LTD.

MOTION **APPROVAL OF MINUTES:** Mr. Montgomery moved that the minutes of the August 21, 1991, Work Session on the Eugene Station be approved as written. Ms. Calvert seconded the motion, and the minutes were approved by unanimous vote.

VOTE

ACCEPTANCE OF AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 1991:

Ms. Loobey stated that the independent auditors, Coopers & Lybrand, were employees of the Board of Directors and not of the staff, and said that John Joyce and Mike Kehoe of Coopers & Lybrand would welcome questions from the Board. Mr. Joyce gave a verbal report to the Board which focused on a variety of reports that were the auditor's responsibility. The auditors were required by state statute to issue a report on compliance with state law and a number of other items; this report was on page 38 of the Audit Report. The back portion of the section called Grant Compliance dealt with a variety of reports required under OMB 128, the Single Audit Act. There were a couple of changes in this area. In the past, the report on the Internal Control Structure was in two reports; this year it was combined. It covered accounting controls and administrative controls over the federal financial funds. The auditors had no findings to report in this area, and had no instances where they believed LTD to have a material weakness in the internal control structure. Mr. Joyce explained that a material weakness would be something where the District would not find a mistake in the normal course of its accounting procedures.

Mr. Joyce said the auditors issued three additional kinds of compliance reports: one on general laws (such as ORS) and two on specific kinds of compliance, dealing with major financial programs. He said that accounting principles from year to year were basically the same, and the auditors were generally satisfied that the District's financial management was doing a conscientious job of making estimates and judgments. They had only one adjustment, a reclassification kind of adjustment, in financial presentation only. Further, they had no disagreements with management over any accounting kinds of issues, nor any other items which they believed were necessary to communicate to the Board.

Mike Kehoe discussed a couple of management letter comments and reported what happened with last year's comments, as a follow-up procedure. The report to management was passed out at the meeting, and included items which the auditors believed to be pertinent to financial and control structure items of the District which should be reported to the Board. Last year, there were seven or eight comments which were addressed to the Board, related to the control structure and/or accounting issues. In reviewing the response back from the Board's Finance Committee last year, the auditors found that all of those were addressed, with the exception of one item which did not require a response at that time, which was why it was mentioned again in the current management letter. That comment was related to post-retirement benefits, because an exposure draft had been issued by the Financial Accounting Standards Board, stating that they would be requiring reporting of these in financial statements in the future. He explained that LTD had a group of retired employees for which the District was paying a portion of their medical insurance, and the Accounting Standards Board had proposed, for "other than governmentals" at that time, that in a few years these would not be reported on a pay-as-you-go basis as an expense, as LTD was currently doing, but would be reported like pensions, with an actuarial evaluation of what the liability would be to the District in the future for all of these benefits, set up as a liability on the District's balance sheet. LTD would have to begin picking up the expense over a period of years for that liability.

Fortunately, he said, the Financial Accounting Standards Board for other than governmentals came out this year with a new accounting standard which said that those types of entities would have to begin doing this in 1992, but for governmentals, GASBY #12 stated that it would be postponed indefinitely, and it would be at least 1994 before they came back with their studies on when these would need to be instituted for governmental entities. He said this issue was included in the management letter because it was important for the Board to know that this liability was out there, and that at some point in the future it would have to be addressed on the balance sheet.

Mr. Kehoe mentioned one other item having to do with microcomputer systems. He noted that the Finance Administrator had installed a new microcomputer software system for financial accounting, which the auditors thought was a excellent move. He said it was a significant investment of time and effort, with a lot of work left to be done, and he supported the District in that effort.

Mr. Kehoe said that the Report to Management was pretty sparse this year. The auditors had seen a lot of improvements in the District's accounting and control structure, which he said spoke highly of who the District had in place.

MOTION Mr. Brandt moved that the Board accept the Audit Report and management letter for the year ending June 30, 1991, as presented by Coopers & Lybrand. Mr. Montgomery seconded the motion, and the Audit Report and management letter were accepted by unanimous vote.

VOTE

1992 SECTION 9 GRANT APPLICATION: Mark Pangborn, Director of Administrative Services, said that Congress had not yet appropriated money for the federal Section 9 operating and capital grants. Staff were making a guess as to how much money might be allowed for LTD's application, and wanted to submit the application early to be among the first to receive the money. Otherwise, he said, because applications were accepted at certain times during the year, the District might have to wait until May or June to receive the money, as it did in FY 90-91. Mr. Pangborn said he thought the amount being requested was probably higher than would be allowed, and that the actual grant would probably be between \$1.3 million and \$1.5 million. However, if the Board approved a higher amount, the application could be cut back to what is actually approved. Ms. Loobey explained that the federal fiscal year would begin on October 1, which was also when the Surface Transportation Assistance Act would end. If new legislation is not enacted by then, Congress will typically approve a continuing resolution to bridge the time until new legislation is in place.

MOTION Ms. Calvert moved that the Board approve the UMTA Section 9 grant application for Fiscal Year 1991-92 in the amount of \$1,691,749 in federal funds and \$1,395,437 in local funds, for a total of \$3,077,186. Mr. Billings seconded the motion, and the grant application was approved by unanimous vote.

VOTE

SELECTION OF SITE/EUGENE STATION ADVISORY COMMITTEE: Ms. Loobey called the Board's attention to page 18 of the agenda packet, which contained a discussion of the Board's opportunity to establish a citizen advisory committee to work with the Board. The advisory committee would represent a cross-section of the Eugene/Springfield community, including bus riders, and would act as a public conduit to the Board. Public hearings would

still be required, and would be the responsibility of the Board. Ms. Loobey said that staff were suggesting the formation of an advisory committee because the Eugene Station was a major project with major expenditures for the District, with a lot of visibility in the community. Members of the Eugene City Council had expressed some concerns regarding the District's process for selection of a site, so their participation would be beneficial. Ms. Loobey said that staff were not suggesting this in order to second-guess any decisions the Board had made to that point, including the selection of the I-HOP and Pasta Plus sites for further in-depth study. Rather, the committee would provide an active and focused citizen advisory process. Staff had suggested representation by the Eugene City Council, Eugene Planning Commission, Eugene Downtown Commission, Eugene Chamber of Commerce, and the Springfield Chamber of Commerce, as well as two at-large members, at least one of whom would be a bus rider and user of the current station. She said staff did not anticipate that this group would slow the process. Board members could sit with the committee as they wished, or work through the issues with staff.

Mr. Montgomery asked if there was any precedent for this type of advisory committee, and whether it had been done with the current station. Ms. Loobey said that when the current station was remodeled, the District principally was making changes to an existing system, so an advisory committee was not used. However, when the Glenwood facility was planned, the Board Facility Committee invited representatives from the Springfield and Eugene Chambers of Commerce to participate in that committee's discussions. Also, when the District was first starting up, there was a citizens' advisory committee, and LTD currently has an active citizens' advisory committee among the members of the disabled community, to advise the District on accessibility issues.

Ms. Calvert added that community representatives had also participated during the first round of Eugene Station site selection meetings. She said she was not opposed, but thought this was more an "important players" committee than a citizens' advisory committee.

Mr. Billings said he agreed with the concept, but wondered about the charge to the committee, other than gathering them together and asking for their opinions. He wondered if the Board would provide direction to them and gather information, and whether the committee would conduct public hearings or do formal surveys, or act in a more informal capacity, by talking with people they knew. Ms. Loobey said that, as a grant recipient, LTD was in charge of the project so would retain charge of the public hearings. However, if the District wanted to invite bus riders, property owners, and the community to comment on the design or other issues, this group could be a conduit for that. She said she saw the advisory committee partly as a commitment to local units of government who recommended such a committee for projects of this magnitude.

Mr. Billings said it made sense to him to include representation from the Downtown Association and the Eugene City Council, because the project would be located in downtown Eugene, and wondered if a County representative should also be invited to participate, either a County Commissioner or a staff person, because the District also had county ridership. He wondered also if the District had a time line in which to hear back from the advisory committee, or a sense of how the committee's work would fit in with the Board's.

Ms. Loobey said that staff planned to bring an analysis and technical work on the two sites to the Board at the December meeting. She thought staff might bring the advisory committee up to speed on the process, the history of the project, etc., before that time. She also thought that the committee's work would be finished once the design and location had been determined. Ms. Calvert said she thought it was more important to have County involvement earlier in the process, when the two sites were County-owned, but things were somewhat different now. Ms. Loobey said it was possible that the County would be represented on one of the two at-large positions.

Mr. Montgomery said he understood the political ramifications of forming the committee, but that he had an ingrained distrust of committees. He wondered if there were another way to accomplish the same goals, or, if the committee were formed, how possible it was that the Board would control it, and what would prevent the committee from delaying Board decisions. Ms. Loobey replied that she thought an area of focus had been set for the committee, and if the members understood the word "advisory," as well as the Board's time line for events, the Board would retain control. She said she didn't think this type of committee would be unmindful of the District's need to make decisions.

Mr. Brandt said he agreed with Mr. Montgomery. He thought the committee would be a waste of time; that the LTD Board members were put on the Board to make decisions, and the problem in this community was that things got passed on to committees and no decisions were ever made. He thought the committee would be just another level of bureaucracy. However, he said, if the General Manager believed the District needed to do this, he would go along with it.

Ms. Fitch commented that acceptance of the project would come if key players in the community were on the advisory committee, accepted the ideas of the project, and went back to their groups for agreement.

Mr. Brandt wondered how staff selected the groups recommended for representation on the committee, and if other groups might wonder why they were not selected. Ms. Loobey explained that staff wanted to provide for input representing a regional focus, since the transit station had a greater impact on the system as a whole, including Springfield and Lane County, than on just downtown Eugene. Representation by the Eugene City Council, Planning Commission, and Downtown Commission were important because the station would be located in downtown Eugene. The City had supported the station and were concerned about its effectiveness, and had suggested that they might participate concerning parking issues.

MOTION Mr. Billings moved that a seven-member advisory committee for the Eugene Station project be formed, with representation from the Eugene City Council, Eugene Planning Commission, Eugene Downtown Commission, Eugene Chamber of Commerce, the Springfield Chamber of Commerce, and two at-large positions, at least one of whom is a bus rider.

VOTE Ms. Calvert seconded the motion, which then passed by unanimous vote.

ELECTION OF BOARD SECRETARY: Ms. Fitch stated that the Board needed to elect a Board Secretary to fill the unexpired term of office vacated by Herb Herzberg. The term of office would begin immediately and end on December 31, 1991.

- MOTION Mr. Brandt nominated Mr. Montgomery for the office of Board Secretary, to fill an unexpired term beginning immediately and ending December 31, 1991. Ms. Calvert moved that the nominations be closed and that the Board pass a unanimous ballot for Mr. Montgomery. Mr. Billings seconded the motion. Mr. Montgomery was elected by a vote of 4 to 1, with Mr. Montgomery opposed and all others in favor.
- VOTE

LTD BOARD OF DIRECTORS' REPRESENTATION AT SUB-AREA REFINEMENT PLAN PUBLIC HEARINGS: Ms. Loobey stated that staff had discussed issues regarding the Gateway and Willakenzie area refinement plans with the Board at a prior meeting. Hearings on those plans would soon be held with the joint planning commissions. Staff were preparing testimony and were suggesting that the Board members living in those areas might appropriately submit the District's testimony. The Board members could choose whether they wanted to be more involved at the Board level. If they elected to do so, Ms. Calvert would make the presentation on the Willakenzie Plan, and Mr. Montgomery would make the presentation on the Gateway Plan.

Mr. Brandt said he thought the Board members from those areas should make the presentations; that was part of the reason they were on the Board. Mr. Montgomery said he thought it was reasonable, given the magnitude of the projects; however, he would not be available in October. Ms. Calvert said it was not a problem for her. At the goal-setting sessions last winter, the Board had talked about becoming more involved. She said she had some ideas about what was going on in the Gateway area, but may need some help from staff in reviewing the refinement plan issues. Mr. Brandt said that Board members should be sure to give the Board's opinion, not a personal opinion.

- MOTION Mr. Billings moved that the Board ask Ms. Calvert to represent the Board regarding the Willakenzie Refinement Plan, and Mr. Montgomery to represent the Board regarding the Gateway Refinement Plan. Mr. Brandt seconded, and the motion carried by unanimous vote.
- VOTE

BOARD APPOINTMENT TO METROPOLITAN POLICY COMMITTEE: Ms. Fitch explained that the Metropolitan Policy Committee (MPC) had asked LTD to participate on the committee, to ensure the District's input on transportation management and planning issues before the committee. Mr. Brandt asked about the functions of the MPC. Ms. Loobey replied that the MPC is a group of elected officials, with two representatives each from the Cities of Eugene and Springfield and from Lane County, who deal with regional planning issues that arise when planning documents need amendments because of the actions of any one of those jurisdictions, or due to amendments required by state statutes, etc. Members of the MPC suggested at their meeting the previous week that because they would be dealing with transit and land use issues, and all the linkages between, it made sense that an LTD Board member sit with the MPC. They were willing to seek an amendment to the Lane Council of Governments (L-COG) by-laws to allow the appointed official from LTD to vote, so the status on the committee would be equal. Ms. Loobey said she understood that L-COG was going to suggest that LTD also have two representatives, but that had not yet occurred.

- MOTION Mr. Brandt moved that the Board select a member to serve on the Metropolitan Planning Committee, and that the selected member be Mr. Billings. Mr. Montgomery seconded the motion. Mr. Billings said he would be willing to do so, but that there were other Board

VOTE members who knew more about the issues than he did. Mr. Brandt thought that Mr. Billings was qualified to discuss the legal aspects of the issues, and staff would help him with the transportation issues. There was no further discussion, and the motion carried by unanimous vote.

ITEMS FOR INFORMATION AT THIS MEETING:

Results of 1991 Legislative Assembly: Ms. Loobey briefly discussed the final disposition of measures on which the Board had taken a position. Most of the measures which the Board had opposed did not pass, and one passed with an amendment.

Fiscal Year 1990-91 Year-end Performance Report: Ms. Loobey said that District goals were set on an annual basis and monitored during the year. Key performance indicators were measured each year, and Ms. Loobey said that some very important goal attainments were shown in the FY 90-91 report.

Mr. Pangborn handed out copies of the District's Transit Development Plan (TDP), and said all the information he would discuss was found in the TDP. The most important section for understanding LTD was Section L, Performance Standards.

On page 23, summary statistics for ridership, service, fare payment, and passenger revenue showed a healthy gain. Average weekday ridership had increased 9 percent, with only a 2 percent increase in service. There was some degradation in quality due to increased road call down time (page 30), which was explained as the amount of time the route is off schedule due to a bus breaking down. Every week, there was an average of 61 minutes of down time out of 4,004 hours of service. The difference from the previous year was actually only 14 minutes a week, and about 50 percent of that increase was due to implementation of new buses and other buses getting old. Mr. Billings asked if staff knew the current statistics for down time due to implementation of new buses. Tim Dallas, Director of Operations, said the trend with the new buses was improving.

Mr. Pangborn explained that compliments were down a little, and complaints were up a little, amounting to one additional complaint per 100,000 customers. Absenteeism had decreased 14.1 percent. The cost of fuel had increased. Preventable accidents, those which the Safety Committee determined could have been prevented by the bus operator, had decreased, although non-preventable accidents had increased. Total calls to the Customer Service Center had increased almost 17 percent, showing a much higher demand for information than the previous year.

The adjusted cost per trip was a reflection of efficiency. The actual trip cost was about \$2 per trip, showing that the costs stayed flat. Adjusted for inflation from 1978-79, the costs actually decreased 7.3 percent during the last year. Mr. Pangborn stated that these statistics showed that the District was managing its expenses and getting more people to ride the buses. The key, however, would be where the District would go next--how it would respond to the demands for more service or provide greater opportunities for alternative transportation.

Annual Financial Report: Tamara Weaver, Finance Administrator, handed out financial reports current as of that day. She explained that in October the Board would receive more detail regarding the payroll tax revenues, so they would have as much information as possible to determine a payroll tax rate to set in November. The District met its expenses and increased its contributions after expenses consistently each year for the last four years. During the past three years, the rate of growth in revenues increased, while the rate in growth of expenses declined, which she said was evidence of a strong company.

Page 2 of the handout showed payroll tax collections from 1988-89 through 1990-91, by quarter. Also shown was the percentage change over the same quarter the previous year. In FY 90-91, there was a 3.5 percent drop in "Christmas wages" over the same quarter the previous year, but the spring of 1990-91 ended 3.6 percent above the same quarter the previous year, which was a lot stronger than staff had believed it would be, from the research they had done. In the current quarter, collections were 2.6 percent over the prior quarter, which staff still found surprising because all labor reports reported fewer jobs in the community. However, the increase was good news in relation to the budgeting the District had done last spring.

Page 3 of the handout showed a 6.1 percent increase in total wages, based on service increases in Transportation and Maintenance and a wage settlement of 4 percent, and some administrative positions held vacant for part of the year. Materials and services were held to a modest 4.1 percent increase.

Page 4 of the handout showed net contributions from operations. The contribution to the Capital Fund over four years amounted to \$4,480,180. At the end of last year, the District transferred \$350,000 to a reserve fund for payroll tax contingencies. If that money is not used, it will be available for the future. If the payroll tax revenues decline and the contingency is needed, the District will have a year or two to plan an orderly recovery.

In response to a question from Mr. Billings, Ms. Weaver said that the year-end transfers helped make sure that the District's net capital needs were taken care of, as well as the Board's concern about having a cushion in case the payroll tax revenues declined more than anticipated in a year. The District had no deficits because it did not operate with prior cash, and had been "skinny" on keeping any cash in the General Fund. Ms. Calvert said that always before, the District had put any additional cash in Capital and Risk Management. Ms. Weaver said that had been a wise decision and had worked well, and added that it was also wise at this time to have a cash cushion in the General Fund.

Ms. Weaver said what she had just discussed showed the District's operating performance. She then discussed its budgetary performance, beginning on page 5 of the handout, which showed budget variances. There was only one small negative number, a decrease of \$1,249 in charter revenues. She explained that the District always over-budgeted in special transportation, because those were pass-through funds which the District would not be able to pass through if they were under-budgeted. Interest revenues were higher than anticipated because the District paid for the new buses later in the year than anticipated.

Page 6 of the handout showed how the District ended the year with \$700,000 in unrestricted cash in the General Fund. Expenses were under budget by \$291,194 and revenues were over budget by \$556,874. Following an adjustment to fund the Valley River Center lease from last year, \$727,235 remained in the General Fund. Ms. Weaver explained that the "estimated actual" column on page 7 showed the numbers used during the budget process to estimate where the District would end the fiscal year. The District was actually \$100,000 higher in income than anticipated, but only \$15,000 off in anticipating payroll tax revenues. State in-lieu-of-payroll tax receipts were strong, coming in \$22,000 higher than anticipated, and LTD received \$18,777 more than anticipated in miscellaneous revenues from an auction. Also, the District's divisions had underspent their estimates by \$184,715. Mr. Billings asked if this underspending reflected empty positions. Ms. Loobey said that it did somewhat, but also staff were worried about low payroll tax collections, so were very careful about how they spent money.

Page 8 of the handout showed General Fund transfers to Capital Fund. The budgeted transfer to Capital had been \$409,000. During the year, two resolutions transferred additional funds from the operating contingency. In June, staff thought the year-end transfer would be between \$40,000 and \$150,000 higher, but it actually was \$204,541 higher, so transfers to capital during the year amounted to \$756,938. This final transfer was authorized by the Board during the June meeting. If the Risk Fund transfer and Capital Fund transfer were combined, the District's total transfers were actually only \$185,196 over the budgeted transfers.

Ms. Weaver summarized by saying that the District ended the fiscal year in a strong position. The contribution after expenses was quite good, and payroll tax collections were better than anticipated.

Final Rules on the Americans with Disabilities Act (ADA): Mr. Montgomery asked how the final rules for ADA compared with what was previously known, and whether or not the District came out okay in its budgeting for ADA. Ms. Loobey replied that staff believed the budgeted amount to be okay. She said the District would need to make some service improvements in Dial-A-Ride, but had time to make plans, and some flexibility was allowed. She said there would be an impact, but it was more balanced than staff had thought it would be, from the view of service providers. There will, however, be a greater financial impact during Fiscal Year 1992-93.

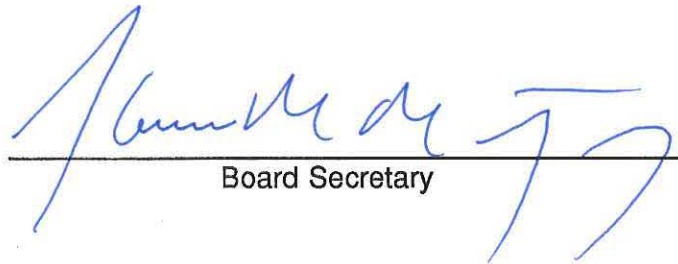
Financial Statements: Ms. Weaver had produced a different financial report with the new financial accounting software. She said there were other more detailed reports that could be provided, and in the future will ask for input on report layout.

Invitation to NAACP Freedom Fund Dinner: Ms. Fitch said the Board members had received an invitation to attend the NAACP Freedom Fund dinner on Saturday, October 26, at a cost of \$24.50 each. She asked Board members to let Ms. Loobey or Jo Sullivan know if they wished to attend.

New Safety and Risk Administrator: Ms. Loobey said it was her pleasure to introduce Kim Kaiser, the District's new Safety and Risk Administrator, who was had extensive experience in personnel and workers' compensation and safety issues.

Board Strategic Planning: Ms. Loobey said that staff would send the Board members a questionnaire to elicit ideas regarding the strategic planning process to be undertaken this winter.

ADJOURNMENT: Mr. Montgomery moved, seconded by Mr. Billings, that the meeting be adjourned. With no further discussion, the meeting was unanimously adjourned at 9:05 p.m.


Board Secretary