MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, October 20, 1993

Pursuant to notice given to *The Register-Guard* for publication on October 14, 1993, 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 20, 1993, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: Kirk Bailey
Janet Calvert
Tammy Fitch, Vice President, presiding
Patricia Hocken
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

Absent: Peter Brandt, Treasurer
Thomas Montgomery, Secretary
Keith Parks, President

CALL TO ORDER: Ms. Fitch called the meeting to order at 7:30 p.m. Ms. Loobey reported that Board President Keith Parks had been released from the hospital and was at home and resting comfortably, but might need to curtail his activities for a while.

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

EMPLOYEE OF THE MONTH: Ms. Fitch introduced Administrative Secretary Susan Hekimoglu as the October Employee of the Month. Ms. Hekimoglu was hired on July 13, 1987, and was nominated by a co-worker, who said that Ms. Hekimoglu had done an outstanding job in her daily secretarial support to staff and service to LTD's customers, as well as in her enthusiastic involvement with various District activities, including United Way, the Banquet Committee, Toastmasters, and providing tours of the facility for interested groups and individuals. When asked what made Ms. Hekimoglu a good employee, Executive Secretary Jo Sullivan had said that Ms. Hekimoglu was friendly, helpful, and enthusiastic. She had excellent secretarial skills, and enjoyed learning new computer software applications and performing the variety of projects that were part of her job. She had a positive attitude, and provided excellent customer service, both to LTD's external customers and to her co-workers.

After receiving her certificate and check, Ms. Hekimoglu stated that she had truly enjoyed her employment with LTD and the opportunity to learn a lot of new skills and apply them in interesting and fun projects, and that she appreciated the honor of being chosen Employee of the Month.

MOTION VOTE **CONSENT CALENDAR**: Ms. Hocken moved approval of the Consent Calendar for October 20, 1993. Ms. Calvert seconded, and the motion carried by unanimous vote. The minutes of the September 15, 1993, regular Board meeting were the only item on the Consent Calendar for this meeting.

FISCAL YEAR ENDING JUNE 30, 1993: Ms. Loobey said that three items were scheduled for discussion during this part of the agenda. However, since none of the Board Finance Committee members were present to discuss the Operational Funds Reserving Policy, that item would be deferred until the November Board meeting.

Acceptance of Independent Audit for Fiscal Year Ending June 30, 1993: Ms. Loobey introduced Forrest Arnold and Mike Lewis of Jones and Roth, the firm performing the independent audit for the year ending June 30, 1993. Mr. Lewis said the audit had gone well, and thanked the LTD staff, saying that it made their job easier to receive the kind of cooperation they received from the District. He commented that Finance Administrator Tamara Weaver had done a lot of work putting the financial statements together. As part of the audit process, the auditors had spent some time planning and understanding the District's controls and procedures. The observation of inventory, requested by LTD, had generated some comments in the management letter. The auditors also had reviewed the computer systems and were impressed with the District's controls and with the accounting and computer operations at LTD, and thought the systems were well-run.

Mr. Lewis said an unqualified opinion, the best the District could receive, was found on page 6 of the audit report. He added that governmental agencies had to go through a lot of testing. Although the auditors' "Notes to Financial Statements" were a little different from prior years, there was nothing significant in them. Other reports, beginning on page 38, dealt with the District's compliance with various Oregon Revised Statutes the auditors were required to test. There were some comments in this section, which Mr. Lewis said was not uncommon, and none of them were very significant. Mr. Lewis explained that no matter what the level of significance of a finding, it still had to be reported. The reports on internal accounting controls and compliance with laws and regulations ended on page 40. Mr. Lewis stated that there were no findings or material weaknesses that the auditors needed to discuss with the Board.

The Board members received copies of the Management Letter from the auditors. The letter represented items that the auditors felt the District should consider to improve operating efficiency, and possibly to help improve internal controls, as well. There were two comments in the Management Letter. The first was that there were times during the week when the Parts section was open but no one was on duty. Also, certain duties that would ideally be segregated (performed by more than one employee) had to be performed by the same person because that person was the only one on duty. There were budgetary constraints, however, based on the number of people LTD could hire. Jones and Roth's recommendation was for LTD to look at the cost benefit for LTD of increasing staff to eliminate the unattended hours or reduce the possibility of having the same employee perform incompatible duties. Another concern was that the inventory system was maintained by the Parts personnel independent of the general ledger balance for inventory maintained by the Finance division. Since Parts recorded purchases from purchase orders and Finance recorded them according to the actual invoice, the two amounts might be different and difficult to reconcile later. The management letter included some recommendations to help alleviate these problems.

The second comment in the management letter was that payroll transactions, including input, processing, and check distribution, were all performed by the same employee without any intermediate review or approval. Because of the District's current use of an outside payroll service bureau, it did not appear possible to insert a control into this process. However, when the new in-house payroll system is in place, the Finance Administrator or other official should sign the payroll register prior to the distribution of checks, and LTD should consider having another employee distribute the checks. Those two changes would increase control and the segregation of duties. Also, current practice of the accounts payable clerk was to check the clerical accuracy of invoices, compare the invoice to the purchase order, and verify that the transaction was properly authorized and coded, but did not indicate on the face of the documentation that this step had been completed. The auditors suggested that the accounts payable clerk initial invoices to show that the procedure had been completed.

Ms. Hocken commented about the budget transfer on capital. The previous auditor and the State had said the way LTD was doing this was correct, and she wondered if that had changed. Mr. Lewis said that Mr. Arnold had received several different answers when discussing this with the State. Ms. Weaver added that LTD was being more prudent, since the formerly-accepted way might or might not be correct. Mr. Lewis suggested that the District simply do a transfer resolution to protect itself.

Mr. Arnold said that the auditors and staff had discussed the issues in the management letter as they arose during the audit process, and some of them already had been implemented, or staff were thinking about implementing them.

Ms. Calvert said she was pleased that the audit came out as well as it usually did. Ms. Weaver said she enjoyed working with Jones and Roth very much, and that she thoroughly appreciated this audit and the professional service that LTD received.

MOTION Ms. Calvert moved that the Board accept the management letter and audit report for the year ending June 30, 1993, as presented by Jones and Roth. Ms. Hocken seconded, and the

VOTE motion passed by unanimous vote.

Staff Presentation--Fiscal Year 1992-93 Year-end Report: Ms. Weaver talked about some of the challenges in the budget each year, such as self-insurance and unknowns about fuel prices and personnel costs. This year, she said, almost every financial indicator was positive. Because of that, LTD was able to continue to improve its financial position with fund balances that enabled the District to reach more prudent reserve levels. The Board Finance Committee had recommended an Operating Funds Reserving Policy to set minimum and maximum reserves and manage those reserves. This recommendation would be discussed in more detail at the November Board meeting.

Ms. Weaver briefly discussed the history of how LTD reached its current financial position. She reviewed the actual revenue history of the last four years, showing that the total revenues increased each year over the prior year. Last fiscal year, the first full year of the

.0056 tax rate, revenues increased 13.9 percent. Without the rate increase, revenues would have increased 2.3 percent in FY 91-92 and 3.3 percent in FY 92-93. The District had not anticipated a 13.9 percent increase, based on an unanticipated 8.2 percent growth in the local economy. In FY 90-91, passenger fares increased 13.6 percent, following implementation of the group pass program. In 1991-92, passenger fares increased 7 percent, followed by a 5 percent increase in 1992-93, with a 3 percent increase in ridership. Ms. Weaver explained that ridership was not expected to increase dramatically in 1992-93 because it typically took a minimum of 18 months for ridership to respond to service changes such as the 1992 comprehensive system redesign. Additionally, the tax rate had not been raised again, so LTD would not see another 13.9 percent increase in revenues, and Ms. Weaver projected a much more modest increase by the end of 1993-94.

Ms. Fitch asked if the District would need to increase fares at a faster rate in order to keep passenger fares and group pass fares at about 20 percent of total revenues. She commented that expenses were escalating faster than fares. Ms. Weaver replied that the percent of total passenger fares was shown on page 17 of the agenda packet, and that it would be good to pursue this question in depth when staff brought the pricing policy and fare recommendations to the Board before the budget was prepared each year. She stated that LTD had a fairly aggressive program of price changes, with some fare instruments being adjusted each year. Ms. Hocken commented that the percentage of passenger fares to total revenue was similar to FY 89-90.

Ms. Weaver showed that the payroll tax rate had been changed six times in the history of LTD: July 1973 - .47 percent; July 1974 - .54 percent; January 1979 - .50 percent; January 1980 - .60 percent; October 1983 - .50 percent; July 1987 - .49 percent; and January 1992 - .56 percent. She explained that the majority of LTD's income was based on wages in the community, which were very unpredictable and not a stable revenue source. In 1984, the economy bounced back from a previous decline, then fell for two years, grew steadily for a while, and dropped in 1991-92. The good news for the community was the 8.3 percent growth in 1993.

Ms. Weaver stated that operating expenses had increased 8.2 percent in 1992-93, which included a 5.1 percent increase in service hours for the year. Ms. Weaver thought it was excellent that the District was able to absorb this kind of increase with only an 8.2 percent increase in expenses. She discussed the key expense items that went well during the year, including the fact that the direct payment of liability costs was much lower in 1993, and total fuel costs per mile were less than in 1983, even with the additional miles traveled. Ms. Weaver stated that if fuel costs had increased 4 percent over the years, LTD would be spending over $1 million for fuel, so there was a potential for major increases in the future. Personnel cost increases included eight full-time and two part-time bus operators, within the 8.2 percent growth in operating expenses. Operator costs per service hour in 1993 were $19.92, including wages, fringe benefits, training, etc. This was only 3.5 percent over the cost per service hour in the prior fiscal year. The fully-allocated cost per hour of service, including depreciation, administrative costs, building maintenance, etc., increased only 1.1 percent over the prior fiscal year.

Ms. Weaver discussed performance indicators, stating that fixed-route operating revenue to operating expenses stayed fairly level, changing from 23.1 percent in 1991-92 to 23.0 percent in 1992-93. Ridership increased 2.9 percent. The cost per trip increased 5.1 percent. Fleet maintenance costs were 13.3 percent higher than the previous year, due to parts expenses increasing faster than inflation, and to the addition of a maintenance employee to handle the increased maintenance needs for service increases over a period of time.

Ms. Weaver also discussed the source and use of budget variances. She said that LTD ended FY 92-93 with $1.5 million, which had been used to increase capital and contingency reserves.

Ms. Hocken asked what things impacted the cost per hour, resulting in the low increase. Ms. Weaver said there were several reasons, including a number of retirements in FY 91-92, with 78 percent of operators currently at the top of the wage scale. There also was one fewer training day, which was approximately equivalent in cost to one bus operator.

Ms. Weaver said that the District's fund balance currently was $2.2 million. Without the Special Transportation Fund (STF) costs, operating expenses at the end of 1993 were a little more than $11 million. The $2.2 million balance equaled 19.6 percent of the total operating expenses. Ms. Weaver explained that the Board Finance Committee was recommending setting aside self-insurance risk reserves at a minimum level of 5 percent; General Fund reserves at a minimum of 8 percent; and working capital reserves at a minimum of 5 percent, for a combined minimum of 18 percent. The Committee's recommendation also included a maximum combined reserving level of 40 percent. The recommended policy would formalize that staff would work with the Board toward reaching the more prudent 40 percent level. Ms. Weaver estimated that LTD would need to add about another $300,000 in 1994-95 to maintain the minimum level. Ms. Hocken commented that 40 percent seemed like a big percentage to be idle. Ms. Weaver said there would be more discussion on this at the November Board meeting, but that by the time the Committee members finished discussing this issue, they actually had recommended a larger percentage, and that it seemed clear that 18 percent was the bare minimum necessary as a total fund balance. Ms. Weaver's research showed that 18 percent would be prudent for a stable business that could predict a stable stream of easily-predictable revenues and expenses. That meant, however, that LTD's reserving levels were not adequate, because neither the revenues nor some of the major expenses were steady or easily predicted. Tri-Met's goal was to have at least three months' operating expenses as General Fund contingency.

Ms. Weaver said that capital reserves amounted to $4 million, and showed the history of year-end transfers from the General Fund to the Capital Fund. Most annual transfers exceeded $1 million. Last spring, $1.3 million had been earmarked for the current bus purchase, but the State was contributing $440,000 as local match, which meant that LTD could shift that amount to the next bus purchase. The District had reserved $1.68 million as the 20 percent local match for the $8.4 million currently earmarked for the new Eugene Transit Station. If additional funds were necessary, they could be shifted from future bus purchases. It had taken almost four years to reach this point in the reserves.

Ms. Weaver said it was clear from the District's financial performance that it had been a good year, and that staff would work with the Board on financial issues through the budget process.

ITEMS FOR INFORMATION AT THIS MEETING:

Board Member Reports: Metropolitan Policy Committee (MPC): Ms. Hocken reported that there had been no MPC meeting in October, but that the September meeting had been very interesting, with Eugene and Springfield debating metro plan amendments. Ms. Fitch asked about the effect on LTD if Springfield decided to do its own land use planning, and if staff needed to take specifics to the MPC. Ms. Loobey replied that each of the Cities and the County would have a land use plan and a transportation plan for LTD to work under. However, because the kinds of disruption and problems this would cause for the whole metropolitan area would be so much bigger than for LTD, Ms. Loobey didn't think that details about LTD would help the discussions that much. Ms. Calvert added that funding for state and local projects would be more difficult because those had always been requested as a group. Ms. Loobey expressed her concern that any differences between the two cities' approaches to land use planning might prejudice transportation funding through the federal Intermodal Surface Transportation Efficiency Act (ISTEA), since the metropolitan planning organization (MPO), in this case, the MPC, would not be acting as the leveraging agency between the two cities. Also, this division might confound the area's ability to move within rational manner, as described in ISTEA, in going to the MPO for adoption of a regional capital improvements plan for the state, or for the state transportation plan. Ms. Hocken thought it might still be possible that the MPC would deal with some of the other issues and make recommendations to the state. Ms. Calvert said that since the County was to be the decider in some of the funding issues, it might be logical for the County to make the decisions if the two cities could not come to agreement.

V-PACT: Ms. Hocken reported on the first meeting of the statewide Willamette Valley Policy Advisory Committee on Transportation (V-PACT). She said the V-PACT was a good group, comprising diverse interests and backgrounds, including trucking, rail, cities, Tri-Met, Salem Area Transit, and LTD. The purpose of the committee was to discuss the integration of transportation in the Willamette Valley. A lot of people, especially from areas not near the proposed high-speed rail line along Interstate 5, were concerned about interfacing transportation modes. The second meeting was scheduled for October 21, and discussion would center on rail and truck freight and how those interface. In November, the committee planned to discuss transportation planning processes in Eugene, Salem, and Portland.

Pacific Program: Ms. Fitch thanked the Board for the opportunity to attend the 1993 Pacific Program for State and Local Government and Nonprofit Executives. She reported that it was an excellent eight-day program, with speakers from all over the United States on such issues as strategic planning, cultural diversity, and the down-sizing of companies. She said she would highly recommend the Pacific Program to any Board member, especially since what was being taught was not holding onto old models, but was bringing new concepts for discussion by presenters who were working in the real world.

Ferry Street Bridge Update: Ms. Hocken reported that 50 to 60 people testified at a public hearing before the Eugene Planning Commission and the Ferry Street Bridge Citizen Advisory Committee. By the time she left, LTD had been the only group supporting any of the alternative mode options, and since the hearing, the Citizen Advisory Committee had recommended Alternative C, the eight-lane bridge in the current location. She said that most of the people at the hearing were anti-car and against disruption to Alton Baker Park. Mr. Viggiano added that the Cal Young Neighborhood also had testified in favor of Alternative B, the six-lane bridge plus a new alternative modes bridge through Alton Baker Park, which LTD also had supported. Ms. Calvert commented that the decisions on the options had been made years ago, when the decision was made to not put any regional shopping south of the river, and only commercial north of the river. Because of that decision, everyone had to go across the river. Ms. Loobey added that the growth in the number of residences north of the river also had exacerbated the traffic congestion problems.

Staff had asked Jim West of the City of Eugene to attend the meeting and answer any questions the Board may have about the Ferry Street Bridge alternatives. Ms. Loobey asked him about the proposed alternative modes bridge through Alton Baker Park. Mr. West said that the bridge would be aligned with the old Day Island Road. Current plans were that the bridge would cross the park at grade, because of the cost to elevate it. However, it would be elevated where pedestrians and bicycles crossed the path of the bridge. Mr. West said that Alternative B would not require relocations. Alternative D would require some displacements, possibly including the State offices on Oakmont Way.

Ms. Fitch asked what might happen next, based on the input at the public hearing. Mr. West replied that the Planning Commission was scheduled to meet the following day. He thought that people were starting to feel that, even though Alternative B offered the best solution for the community and transit, it was such a politically "hot" issue that it might not get anywhere if it were chosen. He thought that was what happened with the Citizen Advisory Committee. However, a couple of Planning Commission members were still in favor of Alternative B as a better solution. The Planning Commission would be discussing some of the assumptions for bridge construction, such as whether it was realistic to think there would be a major switch to other modes, so everyone could fit onto a six-lane Ferry Street Bridge. If Alternative B were not chosen, there might be other opportunities to give an advantage to transit, such as with a bypass lane from south to north.

Ms. Hocken asked about the possibility of a reversible lane for peak hour traffic. Mr. West explained that this might have been a possibility many years ago when traffic flow was different for in-bound and out-bound traffic. There might be differences for up to a couple of hours, but then traffic is high in both directions across the bridge. He added that the relatively low number of car pools and buses along the corridor, combined with the number of ramps for ingress and egress, would make it difficult to provide a separate car pool or transit lane across the bridge. Attention was now on a high-occupancy vehicle (HOV) bypass lane, or a queue bypass signal, for the buses to get ahead of the queue. Ms. Calvert said that part of the problem was that it was such a short distance for some people to car pool. However, Ms. Hocken thought that if people had to travel from past Belt Line Road to the University area, or to other places where parking was limited, they might be convinced to car pool.

Ms. Hocken asked if any thought had been given to charging a toll to help pay for the bridge. Buses and car pools could be exempt from the toll, and a toll probably would be needed on the Washington/Jefferson Street Bridge, as well, to keep people from changing to the other bridge. Mr. West said this concept had been discussed in terms of congestion pricing. If people paid 10 cents per trip, the bridge could be paid for in 20 years. However, the County probably would object, so although a toll would be effective, it would be a political issue. Stefano Viggiano, Planning Administrator, said that congestion pricing would be discussed during the TransPlan Update process. Ms. Calvert said this certainly was a land use issue, and that if decisions are made to put all of one type of businesses in one area, such as Costco and Shopko just north of Beltline Road on Coburg Road, the people can't be blamed for trying to go there.

Ms. Loobey stated that the Board had based its decision to support Alternative B at least in part on upon the Board-approved Transit Principles, which would apply to any improvements to the transportation infrastructure. She thought the Board would be concerned that if Alternative B were not selected, whatever was done should still provide the competitive advantage for transit over the private automobile. LTD would want to see that the Transit Principles were considered and incorporated as much as possible when infrastructure investments were being contemplated. She said that if Alternative B were politically unpalatable to other units of government or the community at large, LTD would still want to advance the transit principles. Ms. Fitch wanted to be sure that staff would continue to monitor the discussions and offer the staff's expertise, to work toward a high priority for transit alternatives for whatever option was finally selected. Ms. Hocken wondered if it would be helpful for LTD to mention some of the specific ways in which Alternative C might work for the District. Mr. West said that if additional improvements could make transit stronger on the Alternative C corridor, the City would certainly want to know about them. The Planning Commission also was concerned about what could be done to Alternative C to make it stronger for alternative modes, and would be discussing those issues the following day.

Mr. Viggiano asked if there would have to be a supplemental Environmental Impact Statement (EIS) if other alternative modes options were combined with one of the current alternatives. Mr. West thought that the suggested improvements might be accomplished with slight ramp widening, special signals at intersections, etc., which probably could be written into the final EIS as enhancements to the alternatives, so a supplemental EIS probably would not be required. Something totally different, such as an HOV lane through the entire corridor, might require additional study, however.

Ms. Loobey said that prior to the testimony on the Ferry Street Bridge, the Eugene Chamber of Commerce had called a meeting of various interest groups. Mr. Pangborn had attended to explain LTD's position to a fairly broad representation of groups. She thought there might be more discussions of that type, and if LTD were again invited, staff would want to be able to advance transit's future for the project. Mr. Pangborn added that the Chamber had not taken an official position of the bridge project, except to say that the "no build" option was not an option and that they would hope to find a solution that everyone could live with.

Ms. Fitch thanked Mr. West for attending to discuss this issue with the Board.

TransPlan Update Symposia: The first symposium was scheduled for Thursday, November 4. Ms. Hocken and Ms. Fitch would be attending as the Board's representatives.

Eugene Station Draft Environmental Impact Statement (DEIS): Mr. Viggiano suggested that the Board hold a work session on the DEIS on November 17, before the regular meeting that evening. The public hearing on the DEIS had been scheduled for Wednesday, December 1 in the Eugene City Council Chambers. An informal, drop-in session would be held from 5:00 to 7:00 p.m., so people could see displays and talk about the DEIS with staff and the consultant. A court reporter would be available for those who wanted to give official testimony at that time. The more formal public hearing would begin at 7:00 p.m. People also will be able to give written testimony at either session. Board members were welcomed and encouraged to attend the informal session, in addition to the formal public hearing. Final site selection was scheduled for the December 15 regular Board meeting.

Mr. Viggiano said that probably the most significant finding in the DEIS was under cultural resources. The State Historic Preservation Organization (SHPO) had determined that two houses on the I-HOP site were eligible for the National Register of Historic Places. Selection of that site would require the preparation of a 4-F statement, and LTD would have to prove that there were no prudent or feasible alternatives for that site. At the McDonald Site, SHPO wanted to review the design to be sure that what the District constructed was compatible with the McDonald Theatre building. The small building attached to the theatre was not deemed eligible for the National Register, according to SHPO. Additionally, the building housing the former bingo parlor had been altered so much that it was unrecognizable as an historical building.

Mr. Bailey asked how the possible Ferry Street Bridge changes would affect the I-HOP site. Mr. Viggiano said staff had studied whether either of the sites were incompatible with changes to the bridge, and determined that they were not. At the I-HOP site, there may be some advantages, and no adverse impacts were anticipated.

Uninsured Motorist Coverage: Ms. Fitch explained that she was interested in knowing about the District's insurance coverage in case District vehicles were hit by uninsured motorists or by hit and run drivers. Staff said they would report to her at the next meeting.

Transit Development Plan (TDP): Copies of the TDP were delivered to the Board members with the agenda packets. Ms. Loobey explained that the TDP was a source document for staff and was distributed to interested members of the public.

Operations Report: Ms. Loobey stated that the District was using low-sulfur fuel, and that it was available at a reasonable cost. She added that some of the 500-series buses were being used again, until the new buses arrived in the spring. The 500s emitted more visible emissions because of their older engines, when EPA standards were lower, so Board members might hear remarks in the community about more visible emissions.

Board Strategic Planning Retreat: A one-day strategic planning session was scheduled for Saturday, November 6, at LTD. Ms. Loobey said that staff were preparing background papers for the Board on all elements of a long-range strategic plan. The Board would be discussing the actions that were needed in order to plan service and budget for the next fiscal year.

ADJOURNMENT: Ms. Calvert moved that the meeting be adjourned. Mr. Bailey seconded, and the meeting was unanimously adjourned at 9:30 p.m.

Board Secretary