

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING

Wednesday, November 16, 1994

Pursuant to notice given to The Register-Guard for publication on November 10, 1994, and distributed to persons on the mailing list of the District, a regular meeting of the Board of Directors of the Lane Transit District was held on Wednesday, November 16, 1994, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: Kirk Bailey
Rob Bennett
Pat Hocken, President, presiding
Dave Kleger, Treasurer
Thom Montgomery, Secretary
Mark Pangborn, Director of Administrative Services
Coleen Fox, Minutes Recorder
Jo Sullivan, Recording Secretary

Absent: Phyllis Loobey, General Manager
(two vacancies on Board of Directors)

CALL TO ORDER: Ms. Hocken called the meeting to order, and noted that Ms. Loobey was absent due to illness.

ROLL CALL: Mr. Pangborn called roll.

INTRODUCTORY REMARKS BY THE BOARD PRESIDENT: Ms. Hocken introduced Board Appointee Roger Saydack and welcomed him to the meeting. She noted that Mr. Saydack's Senate confirmation hearing was scheduled for the following day. Ms. Hocken proposed that the agenda be adjusted to allow for presentations by staff and professional advisors before other Board business was addressed. Board members had no objections.

EMPLOYEE OF THE MONTH: The Employee of the Month for November was Nancy Nielsen. Ms. Nielsen had been working for LTD since November 1992, and had received awards for safe driving and exceptional attendance. She was nominated for the award by a customer, who said that Ms. Nielsen "really went the extra mile for one of her customers." Ms. Hocken presented Ms. Nielsen with a certificate of appreciation, a congratulatory letter, and a financial bonus from the LTD Board. Ms. Nielsen thanked the Board and said that she was especially appreciative of the award since the nomination came from a customer.

AUDIENCE PARTICIPATION: There was no audience participation.

ITEMS FOR ACTION AT THIS MEETING

ACCEPTANCE OF INDEPENDENT AUDIT FOR FY ENDING JUNE 30, 1994: Mike Lewis of Jones and Roth, P.C., explained to the Board how financial statements are put together and presented. He first thanked LTD's Finance Administrator Tamara Weaver and other staff for their assistance in the audit process. Mr. Lewis reviewed the report, pointing out that LTD is considered an enterprise fund and that therefore information must be presented accordingly. He said that much of the statistical information and other reports may seem redundant, but that auditors are required to issue reports based on budget, cash investments, and a variety of other areas reflected in the many reports. Mr. Lewis said other requirements included a review of internal accounting controls and a report on compliance with laws and regulations as stipulated for receivers of federal financial aid.

Ms. Hocken referred Mr. Lewis to page 8 of the report and noted that as an enterprise fund LTD should be self-supporting, but that the presentation of data made it appear as though there was an \$11 million deficit, giving an impression of insolvency. She added that the nature of public transit is that it is highly subsidized. Mr. Lewis agreed, but said this format was currently the accepted way to show operating revenues and expenditures.

Forrest Arnold, also of Jones and Roth, clarified the Auditor's Report to Management for the Board. He prefaced his explanation by noting that accounting is often characterized as a negative profession because accountants focus on a few negative things and do not necessarily recognize the many positive practices. He said the letter to management was an added service to address some ways in which LTD can strengthen its practices. Mr. Arnold explained that the first area for which they had recommendations was the Parts Department. He said that, overall, LTD has solid procedures, but that the Parts Department had characteristics that made it unique, such as the fact that on occasion there is no one present in the department. He added that in any organization the ideal is to have segregation of duties. Mr. Arnold said the reason for this is that it makes collusion between employees a prerequisite for prohibited activities. He said that therefore, with respect to the Parts Department, they recommended segregation of duties balanced against the cost of implementation in areas such as purchasing, ordering, and receiving goods. He noted that there was a \$12-13,000 difference between the amount of goods inventoried at two different locations. Mr. Arnold added that this might be a result of data entry errors or of inventory being taken. He said this had occurred for two consecutive years.

The other recommendation contained in the management letter referred to the Finance Division. Mr. Arnold explained that LTD had used an outside payroll service in the past and that now payroll was being done in-house. He observed that this switch presented an opportunity to change from the current manual system to a computerized system for benefit time accounting.

MOTION Mr. Bailey moved, seconded by Mr. Kleger, that the Board accept the management letter and audit report for the year ending June 30, 1994, as presented by Jones and Roth. The motion
VOTE passed by a vote of 5:0.

MEASURE 8/SALARIED EMPLOYEE RETIREMENT PLAN: Mr. Pangborn referred the Board to the agenda item summary on page 23--revised. He explained that included in the summary was a letter from the Board Compensation Committee, signed by Mr. Bennett, and a series of motions. Bill Nevell, Human Resources Administrator, explained that there were two

issues to be addressed: pension contributions for administrative employees and for union employees. Mr. Nevell noted that LTD was not part of PERS, but that attorneys had informed him that LTD would be required to comply with Measure 8 if it passed. He said the situation at LTD was essentially an unintended consequence of the measure.

Assuming the passage of measure 8, Mr. Nevell outlined three alternatives for administrative employees: (1) Require employees to contribute 6 percent of salary to the Deferred Compensation Plan and do not change the Retirement Plan Contribution; (2) Require employees to contribute 6 percent of salary to the Retirement Plan and continue LTD's present contributions to the Retirement Plan; and (3) Require employees to contribute 6 percent of salary to the Retirement Plan and reduce LTD's present level of contribution to the Retirement Plan by about the same amount of employees' 6 percent required contributions, and increase employee salaries by 6 percent. Mr. Nevell said the Compensation Committee had determined that it would recommend that LTD implement Alternative #3 if Ballot Measure 8 passed.

Craig Smith, attorney for the District's pension plans, presented the Board with further information on the proposed resolutions, noting that action had to be taken with consideration of the December 8 deadline, by which employees not covered by contracts must begin funding the Retirement Plan. Mr. Kleger asked about the need to repeal resolutions if Measure 8 did not pass. Mr. Smith said the resolutions were dependent upon the effective date of the measure, so there would be no resolutions if there were no effective date.

MOTION Mr. Kleger moved, seconded by Mr. Montgomery, that the Board approve Alternative #3, Option #1, as described in the meeting materials, increasing employee wages by 6 percent, requiring employees to contribute 6 percent of salary toward the Retirement Plan, and reducing LTD's contribution to the Retirement Plan by about the same amount of employees' 6 percent required contributions, without changing the benefits currently provided by the Retirement Plan.

VOTE The motion passed by a vote of 5:0.

MOTION Mr. Kleger moved, seconded by Mr. Montgomery, that the Board adopt the attached Resolution concerning the LTD salaried employees' 6 percent contribution to the retirement plan required by Ballot Measure 8. The motion passed by a vote of 5:0.

VOTE

Mr. Nevell presented the Board with information concerning union employees and Measure 8. He said that union employees would be protected from the obligation to contribute 6 percent of wages to the pension plan through June 30, 1997, but for protection beyond that date, action needed to be taken quickly. He stated that union representatives would be sent a proposal which would allow for the shifting of LTD's contribution to the Retirement Plan to wages and permit the deduction of 6 percent from wages to fund the Plan.

MOTION Mr. Kleger moved, seconded by Mr. Montgomery, that the Board authorize staff to approach the union with a plan to credit employees for the current LTD contribution to the pension plan such that there is no additional cost to LTD other than required payroll taxes. The motion passed by a vote of 5:0.

VOTE

MOTION **CONSENT CALENDAR:** Mr. Bailey moved, seconded by Mr. Kleger, that the Consent Calendar for November 16, 1994, be approved as presented. The motion passed by a vote of 5:0.

VOTE

REDUCED FARE PROGRAM REVISION: Andy Vobora, Customer Service Administrator, reminded the Board that in 1993 he had come before the Board with an information item about revising the reduced fare program. Because a certain group was being negatively impacted as the program was constructed, the Board had asked staff to return with a proposal to reduce that impact. He referred the Board to the proposal in the agenda packet. Mr. Kleger remarked that he thought it was an excellent proposal.

MOTION Mr. Bennett moved, seconded by Mr. Kleger, that the Board accept the staff recommendation to implement a one-year pilot project that allows Social Security Insurance recipients to automatically qualify for a reduced fare pass, and that staff return to the Board in November of 1995, with program results and a recommendation regarding program changes. The motion

VOTE passed by a vote of 5:0.

MOTION **ELECTION OF BOARD VICE-PRESIDENT:** Mr. Bennett moved, seconded by Mr. Montgomery, to nominate Mr. Bailey as Board Vice-President. The motion passed by a vote

VOTE of 4:0, with Mr. Bailey abstaining. Mr. Bailey accepted the nomination and thanked Board members.

Mr. Bailey left the meeting at 8:45 p.m.

STAFF PRESENTATION--FISCAL YEAR 1993-94 YEAR-END REPORT: Tamara Weaver, LTD Finance Administrator, presented to the Board an overview of the Comprehensive Annual Audit Report. Ms. Weaver reviewed operating revenues and expenses, focusing on the decision to increase the operating fund balance over the past few years in order to increase operating reserves. She noted that the ending balance for FY 93-94 was about \$3.8 million. Ms. Weaver explained that reserves were now at 29 percent of operating expenses, and that LTD was becoming well-positioned to do planning outside of accumulating reserves.

Ms. Weaver addressed the capital reserve balance, noting the purchase of new buses and the setting aside of funds for the Eugene Station. In response to a question about expenditures for new buses, she noted that a bus is generally replaced every 16 years and that many are replaced at one time, and that the future availability of federal matching funds is unknown. She noted that the next bus purchase would be for 30 buses at \$8 million. Ms. Weaver also addressed the history of capital transfers at LTD. She pointed to the construction of the new facilities and funds set aside for the Eugene Station.

Ms. Weaver referred the Board to page 36 of the audit to the section on performance measures. She said most were positive, with the exception of some flattening of ridership. She said ridership had increased in the current fiscal year, most likely because of the pass program for 4J high school students. In response to a question from Mr. Bennett about the possibility of taking on more students in the future, Mr. Pangborn said the response had been good from 4J, and revenues were up by 15 percent. He said middle school ridership may be an option. Mr. Kleger said he believed that ridership had flattened in recent years because of a reduction in promotional efforts and because of an improved economy. Ms. Weaver noted that operating costs per service hour had increased 3.8 percent. She said the lack of an increase in fuel prices has a positive effect on performance cost measures.

ITEMS FOR INFORMATION AT THIS MEETING: Ms. Hocken said there was no report from the Metropolitan Policy Committee, which did not meet in November, and that the Willamette

Valley Policy Advisory Committee on Transportation had met but made no significant progress. Mr. Kleger reported that the TransPlan TSM Committee would meet in December or January.

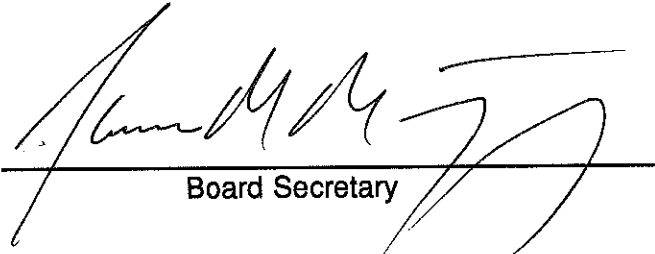
Eugene Station Update: Ms. Hocken reported that LTD was near agreement on an architect and that federal funds could be used for parking replacement. She noted that grant funds to buy the property would be released following final review of the Environmental Impact Statement (EIS).

Ms. Hocken also reported that LTD had finally sold the Garfield property to the Eugene School District.

Mr. Pangborn asked Board members if they wanted to host a holiday Joy Ride for local officials, which had seemed very well-received last year. Mr. Kleger said he enjoyed the event and made some good acquaintances. Other Board members were not interested in repeating the event this year, noting that they would prefer to have more substantive contact with local officials.

Ms. Hocken informed the Board that there would be a December work session in addition to the regular Board meeting.

The meeting adjourned at 9:40 p.m.



Board Secretary