MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, March 20, 1996

Pursuant to notice given to *The Register-Guard* for publication on March 14, 1996, 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, March 20, 1996, at 7:30 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Kirk Bailey, Vice President
Rob Bennett
Patricia Hocken, President, presiding
Dave Kleger, Treasurer
Thomas Montgomery, Secretary
Roger Saydack
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

Absent: (one vacancy, subdistrict #2)

CALL TO ORDER: The meeting was called to order at 7:30 p.m. by Board President Pat Hocken. She introduced Mary Murphy, the Governor's nominee for the vacant Springfield position, whose Senate confirmation hearing would be held in April.

AUDIENCE PARTICIPATION: There was no one present who wished to address the Board on issues of a general nature.

EMPLOYEE OF THE MONTH: Ms. Hocken introduced the April 1996 Employee of the Month, Bus Operator Barbara Daubenspeck. She was hired on June 22, 1992, and recently received a two-year safe driving award and a three-year correct schedule operation award. The customer who nominated her had been riding LTD buses for 16 years, and said that Ms. Daubenspeck was always friendly and provided excellent customer service, and would go out of her way to greet people and take the extra step to see that customers received the information and service they needed in order to get where they needed to go. The customer added that Ms. Daubenspeck was punctual and dependable and that her service was appreciated. When asked what made Ms. Daubenspeck a good employee, Transit Operations Manager Patricia Hansen had said that Ms. Daubenspeck was a warm and friendly person who seemed to always be wearing a smile. A supervisor in Transit Operation described Ms. Daubenspeck as "one of the nicest people I know." She reported to work looking very professional, and was helpful and cooperative whenever. Ms. Hansen added that Ms. Daubenspeck's customers appreciated her positive and caring attitude, and that she was a great ambassador for the District.

Ms. Hocken presented Ms. Daubenspeck with her letter, certificate, and monetary award. Ms. Daubenspeck thanked the Board and said that it felt very good to be selected as Employee of the Month.

MOTION **CONSENT CALENDAR**: Mr. Kleger moved that the Consent Calendar for March 20, 1996, be approved as presented. The motion was seconded, and the Consent Calendar, which consisted of the minutes of the February 21, 1996, special Board meeting/work

VOTE session and the minutes of the February 21, 1996, regular Board meeting, was approved by unanimous vote.

ANNUAL ROUTE REVIEW/FISCAL YEAR 1996-97 SERVICE PLAN: Service Planning and Marketing Manager Andy Vobora called the Board's attention to the staff responses to previous testimony, beginning on page 97 of the agenda packet. Following the public hearing in February, the Service Advisory Committee (bus operators, customer service employees, and staff from various District departments) had reviewed the testimony and recommendations. Detailed descriptions on the route recommendations and statistical information that supported the staff recommendations were found on pages 37 through 50 of the packet. Mr. Vobora discussed a summary of those items, found on pages 35 and 36. At the last two Board meetings, staff had discussed the three sections of the Annual Route Review recommendation: service deletions, service fixes, and service additions. The service deletions category had involved the most testimony.

Mr. Vobora discussed staff's revised service recommendations. It was staff's recommendation to delete Route #15 in Springfield, because of the low productivity. The Board had heard testimony with suggestions for options, such as using a small bus in the neighborhood, but staff did not believe that those suggestions were viable. The District did not have smaller buses to use, and the operating costs would be about the same as using a regular transit coach. A suggestion had been made to provide three or four trips spread out throughout the day, as a lifeline type of service. That type of service would be very costly because it did not tie into the rest of the service package, so it would require an extra bus and driver at full cost at those times, and staff did not believe that the productivity would be significantly different. It could even worsen, because there would be no frequency of service. Another suggestion was to run this service only during the summer. Typically, routes were run during the school year in conjunction with the highest ridership periods for students and other commuters. During the summertime, many students were not riding, and people typically rode bikes or walked more, lowering LTD's productivity. Staff did not believe that running a bus during the summer through a neighborhood that did not have service during the rest of the year would be effective.

Mr. Vobora said that there also was a lot of testimony about route #53C. It was staff's recommendation to delete the service in the Hunsaker neighborhood. He stated that on the #53C and the #15, productivity actually was significantly boosted because of other portions of the routes that ran on trunk line services, while the neighborhood loops had very low productivity. One of the Service Advisory Committee members, a bus operator who drove that route, suggested that LTD consider running a tripper bus to North Eugene High School through that neighborhood. Staff thought that was a good suggestion and were looking into that, because there were a number of school riders who could benefit from that routing, and any other riders could use the service, as well.

The Board also had heard testimony about route #71, the 24th and Agate route in the University area. Staff had struggled with the initial recommendation for this route because the productivity was close to the standard. After further discussion, staff had decided to recommend elimination of the least productive runs within that schedule. If the other trips maintained their productivity, this would raise the overall productivity for that route. Staff would try some target marketing within the neighborhood to increase the level of productivity.

Mr. Vobora stated that staff's recommendation was to delete almost 3.6 percent of service, which would help in funding many of the service fixes that were needed to provide reliable service and increase service in areas that staff believed to be prudent for the following year. When combined with this reduction, staff's recommendation for a 4.5 percent increase in service, both in restructured service and some new services, would result in only a 2.75 percent overall increase.

Mr. Bennett asked if the monetary amount had changed since the original recommendation. Service planner Will Mueller said that the original proposal was for a 2.29 percent increase, and the difference was caused basically by the University route and a few other smaller changes. Mr. Vobora said that staff also were recommending adding some contingency funding for trippers and to relieve problems with peak hour timepoints. He said that a lot of the service fixes included peak hour timepoints, where routes had difficulty keeping their timepoints, especially in the afternoons. He had asked staff to build the contingency somewhat in anticipation that there may be more routes that experience that same type of trouble during the next year. One of the concerns staff had heard from bus operators was that the District could not react quickly enough to problems that occurred during the year. For problems discovered mid-year, bus operators and customers had to suffer through a half-year of problems, missed transfers, etc., until changes could be made in the fall. This contingency funding could help alleviate those problems as they occurred.

Mr. Kleger said that a customer had asked him if the District had considered dropping the #15 to a commuter route during peak hours. He wondered if that would help with productivity. Mr. Vobora said that was possible. However, because of the way route pairings worked, the #15 was paired with the #14. The #14 ran a 25-minute loop and then paired with the #15. If it were not doing that all the time, it would be doing nothing. Staff thought it was a better use of the District's resources to look at an alternative route.

Mr. Saydack asked if the annual cost shown on the table was net of the farebox recovery; in other words, whether it was a subsidy that the District paid for the changes. Mr. Mueller said that it was the revenue before fares. Mr. Saydack then asked about the actual cost to the District of these changes. Mr. Mueller said that multiplying the net annual cost of $264,612 by 20 percent would provide a rough idea of the fare recovery, so the actual cost would be closer to $210,000. Mr. Saydack asked if it was a correct analysis to say that the net effect of these changes would be to improve productivity across the board. Mr. Vobora said that was correct. In looking at the individual descriptions of the changes, a number for rides per service hour was included. Typically, those were expected to be higher than the standard, and that was what staff were striving to do in order to increase productivity.

Mr. Saydack asked Mr. Vobora how the overall percentage increase, which Mr. Vobora had characterized as "moderate," compared with the last few years of service changes. Mr. Vobora said he thought that if the changes were averaged, this recommendation was a little below the average. Transit planner Paul Zvonkovic said that the average was between 3 and 4 percent. Mr. Vobora added that the build-out for bus rapid transit was estimated at about 4 percent. Mr. Saydack said that the tables were helpful in trying to determine the effect of the changes, and observed that there was a narrative description of the changes from the previous year. He asked if it would be possible to provide a table or chart of the previous year's service additions so the Board could see how the reality compared with the projections that staff had made.

Opening of Public Hearing by Board President: Ms. Hocken opened the public hearing on service recommendations for Fiscal Year 1996-97. She stated that the Board had received some additional testimony by mail, which also was part of the public record.

(1) Orville Tubbs, who lived in Woodland Park in Eugene, said he had come before the Board last year asking for bus service into the park. The Board did grant that, and he thanked them. Route #40, which previously had stopped at Danebo, now traveled to Woodland Park. He was not sure about the ridership on that part of the route. Some of the comments he had heard from people who worked downtown was that they did not ride the bus because they could not get home at night. The bus did not run between 2:00 p.m. and 8:00 p.m., or sometime in the afternoon. Those going home from work either had to walk from Daneland or Barger. A year ago, he said, there were approximately 180 or 190 homes in the park; now they were right at 300, and by the end of the year they expected to be full, with 400 homes. They were seeing that the people moving into manufactured home parks were not the old, retired people, but younger people who could not afford a stick-built home that cost $150,000 or $200,000. This meant that working-class people who might ride the bus to work were moving into the park. He said he felt it was necessary to ask if there would be any way to increase service into the park, especially during the times when people were getting off work.

Mr. Zvonkovic said that when considering the Bethel/Danebo redesign, staff had looked very carefully at running two-way service north and south on Terry between Barger and Royal, which would give consistent service on Terry past Woodland Park. Making that change would have involved a redesign of two major routes and a costly service addition. The committee believed that the development in the area, in addition to Woodland Park, was not quite ready to warrant this major change. Mr. Tubbs said that people knew about the plan for two-way service on Terry at some point, and were looking forward to that. He added that in the write-up for 1996-97, the #40 was described as ending at Daneland, but it currently ended at Woodland Park. He wondered if it would continue to travel to Woodland Park. Mr. Zvonkovic said that the Woodland Park service was provided on trips that did not have timing problems. The #40 was one of the routes to which time was being added because of timing problems. That was why the bus went through Woodland Park on the off-peak trips. Although the ridership was low, staff were willing to wait and see what happened on those trips because there were no timing problems. The buses would continue to travel to Woodland Park on the off-peak times.

(2) Russell Matthews, a Special Transportation Fund Advisory Committee member, said that he was also a RideSource customer who wanted to express his gratitude for the service. He used RideSource from three to five times per week; if not for that, he would be staying at home or having to spend $25,000 or $30,000 to buy his own van. He was grateful for the service and for being able to work with people like Terry Parker of LCOG and Micki Kaplan of LTD, who were always evaluating the system for efficiency, productivity, etc. He said it was a real dynamic service that needed that constant evaluation, because anticipating the needs was fairly difficult. It had been his experience as a rider for a couple of years that RideSource was scrambling to keep up with changes, sort of after the fact. Any modification to changes as they developed, and anticipating those, identifying patterns, etc., were very important. He emphasized that for him, personally, as a rider, this was a very valuable service. He beseeched the Board to ensure that the service continued in the community and kept up with the demand. He thanked LTD for its part in the program.

(3) Wally Earl, the program director for the Ulhorn Program in Eugene, said that this program trained brain-injured people to get out on their own. They used both RideSource and LTD regular service within the training. For new people in the program without the cognitive ability to use the regular routes, they used RideSource. As they worked with the people, they then transferred them to LTD. He said that LTD had been very good about sending bus drivers and buses out to help train people, and that this was very much appreciated. He said that he felt it was very important in the community to keep RideSource. He mentioned that he also was chairman of the Special Transportation Advisory Committee. As such, he wanted to indicate that the Committee worked very hard, putting in a lot of hours, with the help of Ms. Kaplan and Ms. Parker, to do the best they could on cost-effective services. He said he certainly would appreciate it if the Board would support the increase in the budget in order to continue the services of RideSource, and asked for any suggestions the Board may have about how RideSource could increase its funding.

(4) Grace Redford stated that she was one of the newer members on the Special Transportation Advisory Committee with Mr. Earl. She also worked for Goodwill Industries, and said that 98 percent of her clients rode either LTD or RideSource. The RideSource riders were unable to ride the bus, and both systems were a source of independence for these clients. Goodwill was very proud of their work and their progress, but if RideSource and LTD did not provide the full schedules that they did, her clients would not be able to go to work, and there would be a lot of unhappy people. She said that she was very grateful to LTD and RideSource.

Closure of Public Hearing: There was no other testimony, and Ms. Hocken closed the public hearing.

Staff Presentation on RideSource Changes: Ms. Kaplan explained the changes to the RideSource program found on page 94 of the agenda packet. Typically, she said, changes were brought to the Board as part of the Annual Route Review. Last year, no increases were requested other than a cost of living/inflationary increase. She stated that the Americans with Disabilities Act (ADA) required that LTD provide the RideSource program, but LTD had been committed to this program long before the federal mandate. RideSource was operated by a private contractor, which reduced costs to the District. The current contractor was Special Mobility Services, or SMS. Ms. Kaplan said that RideSource was a specialized, albeit expensive, program that provided curb-to-curb transportation service for persons with disabilities who were unable to use LTD's fixed-route, accessible buses. She stated that there was a strict eligibility application process in order for people to qualify for RideSource, so it was not open to everyone in the community; it was preserved for those who truly needed the service.

Ms. Kaplan explained that staff were proposing to increase LTD's general fund contribution to the RideSource program by $116,500 for FY 96-97. That would make the District's total service contribution for RideSource $540,000. She wanted the Board to understand that LTD's general fund contribution was a portion of the RideSource total revenues, so the RideSource program's contract would increase by 13 percent. She explained that the two primary funding sources for RideSource were the cigarette tax revenue (Special Transportation Fund, or STF), and the LTD general fund. Fares amounted to about 5 percent of the RideSource revenue source. Other social service agencies also provided some small contributions. She explained that a steep, upward trend in general fund contributions had occurred when the District started planning for the ADA. STF revenue had declined 7.5 percent during the current fiscal year, and was expected to stay flat during the next fiscal year. As it stayed flat or declined, that had a major impact on the LTD general fund contribution. Each year, costs had risen due to inflation and other factors, so LTD ended up back-filling the revenue to support the program from its general fund.

Mr. Bennett asked about increasing the fare from 80 cents to $1.00. Ms. Kaplan said that this was suggested for the next fiscal year, but was not part of the pricing plan being presented that evening because of the need to go through a citizen process first. The current policy was to keep the RideSource fare in pace with the adult pass fare. A cash fare increase was not recommended for LTD for the following year, but because costs and ridership had been increasing, staff believed that it was time for the riders to contribute more for the program. They wanted to work through the Advisory Committee on this proposal.

Mr. Bennett said he was hopeful that staff would step back and consider the general income of the people using the service and the normal week's transportation for riders. He was interested in some sense of how the fare was developed originally and whether there was flexibility in setting the fare. Ms. Kaplan said that pre-ADA, the fare was $.25, and that was not that many years ago. When the Citizen Advisory Committee discussed the fare, they did not want to raise it so high that they priced the customer out of the opportunity to use the service. The average RideSource rider was low-income and very income-sensitive, and a jump from $.25 to $.80 over three or four years was a fairly significant increase.

However, the Committee thought the fare should be high enough to make a contribution to the revenues for the program. The ADA required that the District not charge more than twice the adult cash fare, so the current maximum fare that could be charged would be $1.60.

Mr. Bennett said he was not making a recommendation; he was just wondering how the fares had been determined. Mr. Kleger said that historically the District had tried to make this as comparable service as possible. It did cost a lot more per ride to provide the service, three or four times as much, and that was common for paratransit services all over the country. He hoped the service could become more efficient in the future, but he was not aware of any big opportunities at that point. As Ms. Kaplan had mentioned, it was a pretty price-sensitive market. The exploration of going to $1.00 per ride for fare was something that the STF Advisory Committee was just beginning to explore. At one time, when LTD first began providing fixed-route accessible service, the paratransit service fare was approximately twice the cash fare, as far as he remembered, and that was done as an incentive to convert people who were capable of using lift-equipped buses to the fixed-route service, where the cost of service was much less expensive. Once that population moved to the fixed-route, he said, another population came forward and filled the paratransit capacity. Under the ADA rules, the District was still experiencing an increase in demand, and that probably would continue. There was some hope that a slight increase in the fare would encourage those who could ride the fixed-route but also qualified for paratransit service would switch to the fixed-route service, without pricing the paratransit service out of reach of the people who needed it.

Ms. Hocken said that when she was first on the Board, the RideSource fare was half of the regular fare, and the Board made a decision, probably three years ago, to make the fare equal to the regular fare, because the District's costs were increasing. The fare discussions would be started with the committee. Ms. Kaplan did not know if the idea would be accepted and a recommendation would be made to the Board, or if a slightly different idea would come from those discussions. In any event, she thought it was time to consider raising the fare at a slightly faster rate because the District's costs had been increasing. Ms. Kaplan added that a consultant had been hired several years earlier to review the program and make some recommendations. He had thought that LTD had pretty good market penetration or saturation of the RideSource market. In other words, there was not a lot of abuse in the RideSource program; it really was being used by those who truly needed it. Other communities have had major problems trying to guide people who could use the fixed route off of the highly-specialized paratransit service.

Mr. Saydack said he understood the justification for the $116,500, but did not see dollars associated with the reasons for the increase, or any further explanation of why the costs had increased so much, and what portion of the $116,500 was due to cost increases. Ms. Kaplan said that multiplying the 47,000 rides that were projected for the next year times the projected average cost per ride, which was approximately $8.80, would result in the portion of the $116,000 that would go to support those new rides. Also, there were some unavoidable cost increases happening in the program during the current and next fiscal years. For example, there was a federal mandate to implement drug testing, which required the payment of lab fees. The RideSource program was contracting with McKenzie

Willamette for these services, and FY 96-97 would be the first full year of drug testing. Also, there was an increase in the mileage for an average ride. The longer trip length was a characteristic of who was riding and the geographic layout of the community. As the mileage and average trip length increased, it cost more to provide the ride: it took longer for the driver, it used more fuel, etc. The $116,000 was projected to pay the cost increases and provide about a 50 percent increase in rides. There had been about a 5 percent growth each year, and LTD did not want to be in the position of having to turn down an excessive amount of rides. The ADA mandated that there could not be excessive ride refusals, without actually stating what that meant. The local community had to define that, and wanted to keep those refusals from spiking suddenly. Ms. Kaplan stated that ride refusals was an important measurement that was monitored closely. Significant ride refusals would result in significant customer dissatisfaction, and could potentially expose LTD to some lawsuits. There was a large increase in ride refusals during the current fiscal year. It was still below the 1 percent goal for ride refusals, but Ms. Kaplan was concerned about the trend and the rate at which they had climbed. She clarified that a ride refusal meant that someone wanted a ride and RideSource could not provide it because of capacity. Additionally, notice of the inability to provide that ride occurred on the day the customer was planning to ride, so people depending on that ride to go to work, school, or a medical appointment, etc., received a fairly last-minute notice of their inability to get there.

Mr. Saydack asked how the program would reduce the number of ride refusals. Ms. Kaplan said that one way was to add more general fund revenue to provide more rides by adding a driver or brokering more rides to taxis, or other methods. In addition to RideSource drivers and vans, there were volunteer drivers who provided rides, and when the office was closed in the evening, rides were brokered to taxis. Taxi rides were expensive rides, but they were less expensive than keeping the office open with a dispatcher and driver for a period of time in the evening when not that many people were riding. She also said that a very small (2 percent) contingency fund was being requested because RideSource had been budgeted very closely for the current year, which had been very difficult on the program.

Ms. Parker said that the Advisory Committee did not actually see that the ride refusals would be reduced during the next year; actually, they were thinking that the current rate was an acceptable level. The difficulty with trying to be very efficient and putting the schedule together the day before meant that even though people had called in two weeks in advance, it was not a guaranteed ride until all the rides were pooled. Ride refusals, even though the numbers were relatively small, had a fairly big impact on the riders. Mr. Kleger added that the less than 1 percent ride refusal rate was 100 percent for the person whose ride was refused, and he heard about that every now and then from RideSource customers.

Ms. Kaplan discussed efficiency, revenue, and demand control strategies that staff were using in trying to control costs in the program. There were proposals within those categories for the current fiscal year and beyond to try to achieve the balance, similar to the fixed route, between cost-effective service and providing a good program for customers. One change made to improve efficiency in the current fiscal year was to change the cancellation policy, or "no-show" policy. It used to be that RideSource riders could call up to the minute the vehicle arrived at their door to cancel their rides. That was very inefficient and created holes in the service that could not be used by someone else, maybe even someone whose ride had been canceled. The policy was changed to require that customers call up to two hours in advance, so that slot possibly could be filled with another rider. Another efficiency strategy being implemented was that RideSource would be working hard to try to broker some of the more expensive evening taxi rides to volunteers, which would require recruiting more volunteer drivers. Under revenue strategies, the STF Committee talked about trying to find a substitute to the Special Transportation Fund/cigarette tax, which was projected to continue to decline. Ms. Kaplan hoped that through the legislative process or the Governor's Transportation Initiative, or some other process, a new funding source could be secured in the future. Also, LCOG had received a state grant to implement a travel training program for RideSource. Ms. Kaplan described this as an innovative program that would impact demand and save revenue. The training program would target 25 to 40 RideSource riders, probably riders with developmental disabilities, who used the service on a frequent basis to go to work or school. With specialized training, those riders might be able to use the fixed-route service. If an individual traveled six times per week, the District could save thousands of dollar per year by moving that one person's trips to the fixed route.

MOTION **Board Deliberation and Decision**: Mr. Bailey moved that the Board approve the Fiscal Year 1996-97 Annual Route Review Service proposal. Mr. Montgomery seconded,

VOTE and the service proposal was approved by unanimous vote.

FISCAL YEAR 1996-97 PRICING PLAN: Planning and Development Manager Stefano Viggiano explained that the Board made pricing decisions annually for the following fiscal year. State law required that pricing changes be adopted by ordinance, which entailed readings at two separate Board meetings. If there were no changes to the staff recommendation, the first reading could occur that evening. The recommendations for FY 96-97 began on page 114 of the agenda packet.

Mr. Viggiano stated that the District was coming off a very strong year and a half, both in terms of ridership and revenue. In FY 94-95, ridership increased by 5.7 percent and revenue increased by 10.6 percent. Through part of FY 95-96, ridership was up 6.5 percent and revenue had increased 12.4 percent.

Mr. Viggiano discussed the seven changes being proposed for FY 96-97. The first was an increase in the monthly pass rate. He reviewed a history of fares from 1981-82 through the present, as well as an idea of how those fares might change in the following five years. In 1981-82, the cash fare was \$.50, and had increased 60 percent over time, to the current \$.80 cash fare. The token price had gone from \$.40 to \$.65, a 62.5 percent increase. The pass price had increased only 33.3 percent during that same period. He explained that this was a conscious effort on LTD's part to try to shift people from using cash and tokens to the monthly pass, which was more efficient for LTD in terms of handling and administrative costs, and committed people to ride the entire month. The District had been successful in shifting people to the prepaid instrument, and currently only about 30 percent of fares were paid by cash. The majority were either group pass riders or monthly pass riders. Staff had felt for the last couple of years that it was time to begin bumping up the monthly pass rate. The price was \$20 per month for many years, then \$21 for three years, and in the last three or four years, there had been two increases. An additional increase was recommended for FY 96-97. Mr. Viggiano explained that with the last couple of increases of $1 per month, there had not been a significant drop in demand for monthly passes. Normally, the District had tried to alternate cash increases with token and pass price increases, but this would involve pass price increases two years in a row. Staff were recommending a cash price increase in FY 97-98, then tokens the following year, and then a pass price increase of $2, and so on.

Mr. Bennett made a comment that he said he had made before: that periodically it made sense to step back from the fare schedule and look at it as if setting the fare for the first time. That would involve looking at the income in the community for the people who were currently using the service and what had happened to that over time. Mr. Bennett wanted to avoid continuing to adjust something that had been determined in 1980, and increasing it by some cost of living amount that may or may not relate to what was going on in the community with respect to not only people's ability to pay, but what the market would bear. He said that this was a business approach, but he thought it was very important in terms of maintaining service on an ongoing basis. Except for someone's subjective viewpoint, he had no objective information that suggested what effect intermittent fare changes had on ridership or what would happen if the District wanted to look at increasing fares simultaneously. He also saw value in looking at what might happen if prices were increased faster than planned; for instance, the adult pass price were $27 now, instead of in 1999-2000. Instead of picking a farebox recovery rate and hoping to increase on that as if it were some magic number, the District could ask itself if its farebox recovery minimum rate were 26 percent, what would happen to the system: how many people would not participate or would think it was unfair. He said that he hoped the staff were doing that as part of their analysis before the recommendation went to the Board. As a matter of course, he said, he thought that numbers like $1.13 should be subject to some sort of rounding procedure that might actually bring in a little more revenue and have little, if any, effect on riders. He said that looking carefully at the various indicators of inflation was valuable back-up data, but did not necessarily always speak to the market situation.

Mr. Viggiano said that staff had heard something similar from Mr. Bennett before, and when looking at the pricing changes for next year, had considered not necessarily continuing some things that had become somewhat institutionalized. One change in an institutional procedure being suggested was the elimination of the weekend cash fare discount, which had been offered for 11 years. Mr. Viggiano said that these recommendations probably were not as aggressive as the kinds of things Mr. Bennett was talking about. He explained that the only experience the District had with huge increases in fare instruments had been a very negative one. In 1980, the cash fare had been increased from $.35 to $.60, and because of ridership loss, it was reduced a year later. At that time, the District began the policy of incremental increases, since a lot of small increases over time did not impact ridership the same way. This policy had been successful; the impact of fare increases was hard to determine because there was not a noticeable ridership drop. However, it was possible that the District could be more aggressive and perhaps not impact ridership as much as might be predicted.

Mr. Bennett said that the District was working very hard on service, and all the system fixes were someone's serious effort to create a better route system than the year before. LTD worked hard on its operator training approach, safety, how passengers and fare were handled, etc., so that administratively the District was working very hard to increase efficiency. Some progress was being made on that front, which was costing some money to do, but the hope was that the District was creating more value. If there was more value to offer, then the system was worth more. Mr. Bennett thought that this may mean looking at something different than the CPI every year.

Mr. Saydack said that in looking at the CPI and the adult pass prices, it looked to him that this fare instrument had not increased as much as inflation since 1981. In fact, the adult pass cost less in current dollars than it did in 1981-82. He questioned the realism of that approach. Mr. Viggiano said it was an attempt to shift people from cash to that fare instrument. Mr. Saydack asked if allowing most of the District's riders to pay less now than in 1981 to ride the bus actually was doing good things for LTD, since it cost a lot more to provide the service than it did in 1981. Mr. Viggiano referred the Board to another table on page 125 of the agenda packet. It showed passenger revenues (farebox) since 1981-82, as well as operating costs and service. The combination of the fares, even though pass prices had not kept pace with inflation overall, had been exceeding the rate of increase in operating costs. It was likely that much of the additional fare revenue was because there were more riders, and much of the increase in operating costs was because there was more service. Overall, however, passenger revenue had increased faster than operating costs.

Mr. Bennett said that this chart was not very revealing because it did not reflect the value on a per passenger basis; it simply recognized that LTD had more riders, for the most part. He thought the District should be looking at all of its rates with respect to people's ability to pay. At the same time, on a continuous basis, the District should be trying to improve its service, which did not cost more money in every case, but did increase over time, and this was done because the District was trying to create more value. Mr. Viggiano stated that the operating costs were affected by growth in service, and the revenue was affected by growth in ridership. Over the years, ridership had grown faster than service, and that might be the biggest reason that there was a difference between them.

Mr. Bennett said that if staff came to him and said that there seemed to be enough demand for the service, or enough value in it, so that the District would not lose any significant ridership even if it doubled, he would vote for doubling the fare. He said this was a hypothetical example to make a point, but he was hoping that in reviewing the fare policy, the staff looked carefully at demand and what it was that the District was doing well, and whether it had added value and was it worth more money, and, if so, how much, as opposed to some set procedure.

Ms. Hocken said she was not sure whether there was a demand analysis or model available in order to answer Mr. Bennett's question. She wasn't sure there was adequate outside or local data to answer the question of what would happen if the fares were increased more steeply, such as from $24 to $30. Mr. Saydack asked about even moving to $25.75 or $26 rather than $30, instead of the $25 being recommended by staff. He thought the District should consider bringing the pass price up to a more realistic level over the next three or four years. He said it was being moved so slowly that he didn't see it even catching up with inflation. Mr. Viggiano said that the pass price certainly could be increased more than $1 next year. Assuming it was not too large of an increase, there probably would not be a huge negative reaction in terms of pass sales. To answer Mr. Saydack's question, he said that what Mr. Saydack was assuming was that the District had set the proper pass price in 1981-82, and if that were the proper price, then the District had not been keeping it at the proper price because it had been going down relative to inflation. Staff's perspective was that it probably was not the proper price in 1981-82, and that was why for six or eight years the price had not been increased. They had wanted its price relative to the other two fare instruments to be lower. Once it had gotten to that point, then the thought was that it needed to keep pace with the other fare instruments. He thought it was a question of how the passes were priced relative to the others, and then trying to maintain that over time.

Mr. Saydack referred to the chart on page 124, which showed that the one place LTD was out of step with similar-sized transit systems was in the price for adult monthly passes. If Richland, Washington, were removed from the list, since it had a sales tax and offered its service for very low cost to the customers, then LTD was even more out of step in this area. All other areas were comparable.

Mr. Kleger observed that the decision to keep the monthly pass price lower than the 20-trip cash price was a well-considered decision. There was a faster boarding time for every person with a pass than for any person who paid cash. He said he had timed this for his own information, and the average boarding time for someone with a pass was 14 seconds and the average time for someone paying cash was closer to 30 seconds, very consistently. For the 20 percent or so who did not have their cash fare ready to put in the farebox, the boarding time was closer to a minute. That affected the District's operating time. Also, with passes, the District was paid for the fare up front, and got to use that money throughout the month, before the pass was exhausted. At the same time, that pass encouraged people to use the service at a time when the District was trying to use excess capacity, and not use their private automobile mode of travel. He thought there was good justification for pricing the pass lower than the comparable cash fare. However, the LTD pass price might be a little low and he did not have a problem with a $2 increase over a $1 increase. Going much farther than that, he said, the District would begin losing those advantages, and he did not think that was a desirable goal.

Mr. Saydack asked how many cash fares the monthly pass was comparable to. Mr. Viggiano said that actually was a range, because they were increased alternately. Currently, it was 30 rides. LTD had made a conscious effort to make its monthly pass price attractive, and some of the other cities may not have. He added that LTD had a very low percentage of cash riders compared with other systems.

Mr. Saydack asked how many times the average pass rider rode the system. Mr. Zvonkovic said that it was expected that pass holders would ride about two trips a day during weekdays, and Mr. Viggiano added that it had been measured at one time at about 56 trips a month. Finance Manager Tamara Weaver said that one of the surprising statistics was how the average fare had continued to rise, even through the heavy promotion of group passes. That meant that the other fare instruments were definitely going faster than the ridership would suggest. Mr. Viggiano explained that the University of Oregon group pass program had been implemented in 1987-88, which basically threw the average fare out of kilter.

Finance Manager Tamara Weaver mentioned that LTD was very cost-effective in handling the cash and fare instruments. Currently, the District was still able to maintain that as a smaller transit agency. Once a much higher volume of cash was reached, there would be an extremely high capital-intensive explosion of costs. She said it behooved LTD to keep the handling of cash at the lowest level possible.

Mr. Bennett asked what would happen if LTD did not take cash. Mr. Viggiano said that there appeared to be some customers who would not use other fare instruments no matter how much incentive was offered. The only way that would really work would be to have some kind of fare payment system at the place of boarding, and there were so many bus stops that this was impractical. It could work on BRT, because there would be a limited number of stops. If cash were eliminated, there would be a number of customers with no fare instrument available who would not be able to ride, and Mr. Viggiano thought the District would lose many of the 30 percent who currently were paying cash. Mr. Kleger observed that on the buses he rode regularly, the vast majority of people who used cash were regular riders.

Mr. Viggiano said that if the District were to go to $26 instead of $25 for monthly passes, the figures for both revenue increase and ridership loss probably would be roughly double. He said that it became guesswork to try to predict ridership impact, because many factors affected ridership. If LTD were to experience national standards for fare elasticity, the District would see much more significant ridership decreases. The fare changes LTD had implemented had appeared to have little impact on ridership when compared with national statistics, and that was partly attributed to the fact that fares had been bumped up incrementally and alternately.

Mr. Viggiano continued discussing the seven changes that staff were recommending. The second item was similar to a service fix; Mr. Viggiano characterized it as a fare fix, to change something that wasn't working very well. He explained that about five or six years ago the District had decided to give customers the opportunity to buy passes in any quantity up to 12 months. To do this, the District had a signed contract with the customer, and passes were distributed during the period. Before that, there were monthly and quarterly, or three-month, passes. For the three-month pass, the customer was given the three monthly passes at once, so it was a simple transaction. Staff had found that relatively few people took advantage of the options beyond three months, and it was an administrative headache to track the individual contracts with those riders. Staff were proposing to go back to offering one month or three months worth of passes.

Third, staff were recommending an increase of 3.6 percent in the group pass price, based on an internal inflation rate average of the last three years. A worksheet in the packet described how that rate was determined. The increase would be a little higher than the consumer price index of 3.2 percent.

The Freedom Pass, a summer youth pass available to riders under 18, was valid all summer in an effort to increase ridership during the lower-ridership summer months, with the hope that the youth would continue to ride during the rest of the year. It currently was priced at $24.95, and staff were suggesting a $3 increase to $27.95.

Fifth, staff recommended that a football shuttle pass be offered, good for the entire football season. Using the dollar fare had slowed boarding, and it was expected that a pass would speed boarding. Mr. Bailey asked if staff were considering other large events that might generate the same kind of ridership for a similar kind of pass, such as the Bach Festival or other sporting events. Mr. Viggiano said that staff had not done that, but it was a good suggestion. This was the first attempt at offering this kind of pass, so staff would see how it worked. Mr. Vobora said that staff were hoping to sell the passes through the UO's season ticket sales process, although agreement had not been reached with the UO. If that did not work, staff would try to sell the passes early in the season through another mechanism.

Mr. Viggiano explained item number 6, a proposal to amend the group pass policy. Currently, organizations had to have at least 50 members in order to participate. That had been put in place because of the administrative time in managing a group pass contract. Staff were proposing to drop the minimum to 15. In order to offset some of the administrative concerns, there would be two requirements. First, it would have to be a standard agreement, without any customized changes. Second, up to a 20 percent surcharge would be charged. If the Board liked this idea, staff would draft an amendment to the Group Pass Policy for review at another meeting.

The final recommendation was to eliminate the weekend cash fare discount, but retain the reduced fare of $.50 after 7:00 p.m. Mr. Viggiano explained that the reduced weekend and evening fares had been implemented to try to increase demand during times when there was excess capacity. It had worked very well, to the point where weekend service productivity was about as high as it was on weekdays. Evenings still lagged behind quite a bit, so there was still justification for offering discounted evening fares, to try to build up ridership during that time.

Mr. Viggiano stated that staff estimated that the seven proposals would generate approximately $91,000 in additional revenues in FY 96-97.

Mr. Montgomery asked if the 60,800 annual riders lost were just gone, or if they would shift over to something else. Mr. Viggiano said that in theory they were gone, but as he said, those numbers were difficult to estimate, and the Board should take that number with a grain of salt. Some people would shift between fare instruments, and some would decide to give up riding entirely. However, assuming there was some final figure, that would be an actual loss of trips, either because people rode less often or chose not to ride at all.

Mr. Montgomery asked if there was a place where there would be enough losses that there would not be any revenue generated. Mr. Viggiano said there was, although it was hard to tell exactly where the point of diminishing returns would be reached.

Mr. Bailey asked if staff knew what the impact on the farebox to operating cost ratio would be. Mr. Viggiano said that staff would have a better idea of that once the budget had been drafted and the next year's operating costs were more clear.

Public Hearing on Fiscal Year 1996-97 Pricing Plan: Ms. Hocken opened the public hearing on the Fiscal Year 1996-97 pricing plan. There was no one present who wished to speak to the Board about this proposal. Ms. Hocken then closed the public hearing.

MOTION **Board Deliberation and Decision**: Mr. Kleger moved that Fourth Amended Ordinance No. 35 be read by title only. Mr. Bailey seconded the motion. Ms. Hocken clarified that if the Board voted affirmatively on this motion, it would not be asking for any changes in the fare proposal.

Mr. Saydack said that based on the discussion about the fares, he wondered if Mr. Viggiano thought it was worth reconsidering the staff recommendation in any way. Mr. Viggiano replied that he thought that an increase to $26 in the monthly adult pass price would not be unreasonable; it was a little risky because of the $1 increase last year, and people might remember, but he did not think it would have a significant impact on ridership.

Mr. Bennett stated that staff's level of confidence in any change was an important part of the equation, and he did not know how any Board member could make specific changes with any sense of confidence. Therefore, from his perspective, he was prepared to vote for the motion, because he did not know any way to impact it except to make his case in the discussion and hope that it received consideration.

Mr. Saydack said that he felt the same way; he did not see how any of the Board members could pick a number and say that was the right one. They could point out what they considered to be inconsistencies. He said that Mr. Viggiano had just told the Board that there was no particular downside to a $2 increase in the pass price rather than a $1 increase. Mr. Viggiano stated that it was really more of an art than a science in a lot of ways to try to predict people's behaviors in response to fare increases. The District had experience making the increases the way that was being proposed again for FY 96-97, and that had been successful in the sense that it had not impacted ridership negatively. He did not think that going from $24 to $26 was a deviation on that method; it just involved a little more risk that there might be a downturn in pass sales, but it seemed reasonable, especially since the Board seemed to want to be more aggressive in increasing fare instruments.

Mr. Kleger said he thought a $2 price increase would be marketable, and that people would continue to use the bus for more than just the 20 round trips a month that a commuter would use. It would involve a little more risk than the single-dollar increase.

Mr. Bailey agreed with Mr. Bennett's point about having some indication from the staff of what seemed to be an appropriate level of increases. Going to $26 did not seem to be a significant increase that would affect ridership too dramatically; however, he did not hear Mr. Viggiano say that it would not affect ridership. He assumed that there would be some additional ridership loss. He said that he had some reservations about increasing the fares too aggressively because a negative impact on ridership was contrary to other goals that the Board had stated about trying to reduce vehicle miles traveled, increase ridership, etc. He also had a concern about increasing the passes relative to the cash fares, because of the policy to have more people using passes as opposed to cash. He said that he would accept an increase to $26, but would have serious questions about going farther than that.

Mr. Montgomery said he agreed with Mr. Bailey, and asked if there would be any way to find out how much the passes actually saved the District, such as putting a dollar amount on the cost of processing money for 30 rides, because the District could find out that this saved enough money that it was worth it to have a lower value. He wondered if there was a way to get at what Mr. Bennett had suggested without doing it in a trial-and-error method. If so, he would be willing to look at that, but said he felt about this issue similar to the "if it isn't broken; don't fix it" theory.

Graham Carey, of Branch Engineering, asked to make a couple of points. As Mr. Viggiano had mentioned, the pass fare was a lot more convenient. It had been dropped to a certain level below the cash fare, and then they should increase at a parallel rate, but still with a gap between them. He said he was a little concerned about picking arbitrary figures for a pass fare. On the other hand, the District did not really have a good feel about the elasticity of the market, so maybe it needed to stick its neck out a bit in order to find out how many passengers might be lost this year. Next year, then, there would be a better idea of the elasticity.

Ms. Loobey said that what she found most compelling in Mr. Bennett's discussion was the fact that LTD was giving good value and making better value all the time. The service improvements that had been made, especially those being contemplated for the afternoon peak, so that passengers could make their transfers and so that the stress on bus operators could be relieved, were of great value to the customers. They came with added cost to the District and the taxpayer, but also provided a lessening of the cost of missing transfers for those people who used the system. That lost time cost them money. She thought that part of introducing an increase to the pass fare for the customers had to do with the way it was marketed to the customers, and that the value of the system changes that the Board had agreed to was a compelling argument that the District could make. In fact, she said, a bus operator had told her about a customer who did not want to pay the fare, but the bus operator was angered by that because LTD gave good value for the $.80 fare. Mr. Kleger stated that he thought customers who missed transfers were more likely to stop using the service than someone who had to pay $2 per month more for a bus pass.

Mr. Montgomery wanted to clarify that Ms. Loobey was saying, in her argument regarding the value of the system, that the service was worth the $26 pass price. She said that she was. Mr. Montgomery said he would buy that to a certain point, but if people quit using their monthly passes, boarding would take longer and people might start missing transfers again.

Ms. Loobey stated that when fares increased from $.35 to $.60, the District lost one-third of its ridership within three months. The District had not made a change in a long time before that, but that obviously was too big a jump. As Mr. Carey had said, LTD did not have any other experience in this community about the point where people would get upset about the increase.

Mr. Vobora stated that an increase to $26 would accomplish a couple of good things. The biggest increase in adult pass users during the current year was for Lane Community College (LCC) students, and a pass price increase might help encourage them to consider a group pass program. Second, a change was not being recommended in the cost of a three-month pass, so committed riders who were very price-sensitive could purchase three-month passes and save a significant amount of money over the monthly pass rate.

Mr. Vobora also mentioned the peripheral issue that when staff worked with downtown employees on pass programs, employees compared the pass price and the parking permit price, usually without considering the cost of driving their automobiles. The average parking permit downtown was only $24, with the least expensive being $19. He said that it was very difficult for LTD to compete directly and move the commuters into the District's market.

Ms. Hocken suggested that one possibility would be to raise the adult cash price to $.85 and the pass price to $26, and then there would be fewer concerns about people switching. She added that she realized that the cash fare had increased more than inflation. Mr. Viggiano said that one issue on the cash fare was that some combinations of coins were difficult for people. Neither $.85 nor $.90 was very convenient, and staff had thought that at some point the District might want to raise the fare directly to $1.00. Although that would be a fairly large increase, a number of transit districts had done this, even going from $.75 to $1.00, because the number of coins was difficult for the customers. That would be much more risky than going from $24 to $26 for the pass. Staff would consider this for next year's recommendation. Mr. Kleger stated that approximately one-quarter of the cash fare customers already were paying with dollar bills, so the revenue increase of going to a $1.00 fare would not be quite as big as it would look on the surface. He said he had been amazed at the number of people who would put a dollar in the farebox rather than $.80. Part of the reason he thought going from $24 to $26 for the monthly adult pass would work was that $1.00 or $2.00 did not seem to be an issue for most people, other than those with extremely low incomes, and most of those people were in a reduced fare category already.

Mr. Bennett asked if the pricing plan issue could be held over. Ms. Loobey said that the first and second readings of the ordinance could be scheduled for April and May without causing any problems. Staff would need to bring back some additional analysis if the Board wanted to increase the cash fare to $1.00. Most of the District's fareboxes were not designed for dollar bills, and the whole issue of handling dollar bills was more complicated than handling coin. Going to a $1.00 fare had operating implications that staff were not fully prepared to present to the Board at that time.

MOTION WITHDRAWN

Mr. Kleger withdrew his motion to approve the FY 96-97 pricing plan, with Mr. Bailey's consent.

MOTION Mr. Kleger moved that the Board amend the staff's proposed pricing adjustments to set the monthly pass fare at $26 and have staff bring back a report on an increase in the cash fare. Mr. Saydack seconded the motion.

VOTE There was no further discussion, and the motion carried unanimously.

Mr. Montgomery requested again that staff try to determine a monetary figure to show how much pass use saved over cash, as close as they could guess.

EUGENE LOCAL STREET PLAN: Ms. Loobey explained that staff had been involved in the review of the draft Eugene Local Street Plan, which did not include arterial streets. Essentially, staff considered whether the policies in the plan enhanced transit, either in terms of feeder service or trunk routes. Staff believed that they were good policies and did enhance transit. Ms. Loobey said that she believed that LTD should be advising the Planning Commission and eventually the City Council that the District had a great deal of interest in the design standards and policies that the City of Eugene had for its streets.

Several Board members expressed a number of concerns about endorsing the entire plan in a general way, without more detailed study of the issues and possible areas of controversy in the community.

Ms. Hocken said she thought it was important to send a letter of some sort, and that, based on the discussion, the staff probably could draft a letter that was more appropriate for the level of study that the Board had done on the issues. She suggested letting the staff rewrite the letter and try to obtain telephone consensus. Mr. Bennett said that what he would like to know in the judgment of staff was what were the issues in the plan that would materially affect or enhance LTD's ability to function, and that would be what he would be willing to support. Ms. Hocken suggested that for any point staff chose to include in the letter, they also provide some of the rationale about why that was important to transit, rather than a summary of the entire plan.

SELECTION OF PARATRANSIT PROVIDER: Ms. Loobey reported that several proposals had been submitted to provide paratransit services. The STF Committee recommended that Special Mobility Services be approved to continue providing this service.

MOTION Mr. Bennett moved that the LTD Board of Directors approve Special Mobility Services as the operator of RideSource services for up to five consecutive years, commencing July 1, 1996, with the annual renewal of their contract with LCOG based on satisfactory performance. Mr. Montgomery seconded the motion.

Mr. Saydack asked why the Committee recommended SMS over Paratransit Services. The memorandum from Terry Parker in the agenda packet had listed the strengths of each proposal, but did not say why one was better than the other. Ms. Kaplan said that the price difference was small. However, Paratransit Services' response did not measure up in the all the various elements, and she believed that their proposal would have cost more in the long run, since Paratransit Services wanted RideSource to undertake a software conversion. Also, the Committee believed that Paratransit Services had undertaken a significant number of new contracts in the last year or two, and might not be able to give RideSource the type of attention and access to managers it needed because they were so busy with other new contracts around the country. SMS had extensive cross-training and access. Mr. Saydack thanked Ms. Kaplan and said that in order to make a decision and not just rubber-stamp the staff recommendation he needed that type of information.

Mr. Kleger said that he had been involved in the original selection of SMS when paratransit services had first been contracted out, as well as a couple of the contract renewals. He had noticed that SMS had always responded remarkable well to all requests for improvement in particular areas, and had done a consistently good job. He had found that many other communities did not give the impression of the same level of satisfaction with their contractors. LTD had an unusually good job being done by a provider with which the District was very familiar, and he was pleased to hear the recommendation of the screening committee.

VOTE There was no further discussion. The motion to approve Special Mobility Services as the RideSource services provider carried by unanimous vote.

BUDGET COMMITTEE NOMINATION: Ms. Hocken said that Chris Larson was unable to serve on the District's Budget Committee this year, and recommended another woman from Springfield. Ms. Hocken had talked with Virginia Lauritsen and found that she was very interested in serving, so was recommending that the Board approve the nomination of Ms. Lauritsen to the Budget Committee.

MOTION Mr. Montgomery moved that Virginia Lauritsen be appointed to the LTD Budget Committee for a three-year term beginning March 21, 1996, and ending January 1, 1999.
VOTE Mr. Bailey seconded the motion, and the nomination of Ms. Lauritsen was unanimously approved.

BOARD COMPENSATION COMMITTEE RECOMMENDATION: Mr. Montgomery, as Chairman Pro Tem of the Board Compensation Committee, presented this item, which included recommendations in three areas.

(1) Annual Adjustment to Administrative Compensation: The Committee's recommendation for administrative compensation for FY 96-97 was to approve a 3 percent increase to the administrative salary schedule, with no changes in benefits. The Committee also recommended that a comprehensive classification/compensation study be conducted during FY 96-97. Every attempt would be made to hire a consultant to provide the District with valuable private and public information. The study would allow the District to look at the changes in the organization and how people's jobs had changed as a result of the reorganization, and how those jobs compared with similar private and public sector jobs. That information would be used to review the compensation recommendation for FY 97-98.

Mr. Bennett asked Human Resources Manager Ed Ruttledge to explain the compensation/classification study, which was different from what the District had done before. Mr. Ruttledge explained that during the current year the employees not covered by a labor contract had gone through a significant reorganization. Some jobs had changed in terms of duties, or to whom the employee reported, or the number of people supervised. The study would be completed by an outside source, and staff had direction from the Committee to be sure that the outside source would have access to data to provide a good comparison in both public and private sector employers. He saw the details of the study as being fairly comprehensive. Because of the size of LTD and the nature of the recent reorganization, Mr. Ruttledge envisioned that this classification/ compensation study would not be just by classification, but by position. That was more comprehensive, looking at what each work site or person actually was doing and who he or she reported to. The report would come back to the Board Compensation Committee for review and a recommendation regarding the salary schedule for the 1997-98 fiscal year.

Mr. Ruttledge said that this study contemplated the fact that some positions might be upgraded, some could be downgraded, some could change their classification title, and some could remain unchanged. The Committee would then have to consider the overall economic impact of the study. The entire approach was to be position-oriented, comprehensive, and using as many comparables as possible.

MOTION

Mr. Saydack moved that the Board approve an increase of 3 percent to the administrative salary schedule for Fiscal Year 1996-97 and direct the District to have a comprehensive classification/compensation study conducted for administrative positions during Fiscal Year 1996-97. Mr. Bennett seconded the motion.

Mr. Montgomery pointed out that money was attached to this proposal, and would be discussed during the budget process.

Mr. Bennett had two comments regarding the letter in the agenda packet. Previously, he had tried to make a case for two concepts: (1) The administrative salary deliberation and negotiation was separate from the bargaining unit in the context of how it was handled. There were different kinds of requirements, job flexibility, and individual accountability, and with respect to administrative employees there was some sort of subjective and individual latitude among supervisors and the general manager, which all of the District's rules currently allowed. However, paragraph three of the letter on page 139 of the agenda packet tied one of the recommendations to what the bargaining unit employees at LTD would receive in compensation increases, and he did not think there was linkage. (2) The other case he made at the time was that, absent a serious and material economic downtown, whether the company had a bad year or not should make no difference in the compensation for an employee who otherwise had a certain level of performance and on an objective basis would be judged to have done a good job. In an economic emergency, everyone might agree to take less together.

VOTE

There was no further discussion. The motion to increase the administrative salary schedule by 3 percent and direct the District to have a comprehensive classification/ compensation study conducted for administrative positions during FY 96-97 was approved by unanimous vote.

(2) Approval of Change in LTD Salary Administration Policy: Mr. Montgomery stated that District counsel wanted to address some things that were lacking in the written policy. The changes addressed who was responsible for doing certain things, and solidified and made very clear the Board's past practice and belief that the Board was responsible for setting administrative salaries, including the general manager's salary. Mr. Bennett added that it stated more clearly in writing what the Board had always had as a policy, and Mr. Kleger said that it clearly stated past policy for current and past action. Ms. Loobey explained that the change was recommended by Joel DeVore of District counsel.

Ms. Hocken commented that some of the titles in the policy had not been changed to reflect the new job titles following the reorganization. Ms. Loobey stated that staff would change those.

MOTION Mr. Kleger moved that the revised Lane Transit District Salary Administration Policy be approved as presented, with the amendment that current titles be used. The motion was

VOTE seconded by Mr. Saydack and carried by unanimous vote.

(3) Process to Set General Manager's Compensation for FY 96-97: Mr. Montgomery said that the Compensation Committee's belief was that the Committee could negotiate with the general manager toward a compensation package acceptable to her and the Board for FY 96-97. The Committee was not recommending a survey or written evaluation process during the current year. Mr. Bennett added that a comprehensive survey/performance review had been done the year before. There had been a number of changes in key personnel and new initiatives since then, in addition to the reorganization, and the Board did not have the results of those efforts over an extended period of time, and the accountability of those choices was not a matter of any long record at that point. For all those reasons, the Committee was recommending that the Board not perform another comprehensive evaluation until the following year.

Mr. Montgomery stated that the Committee also was recommending that the Board hire an independent consulting firm to find out what it would cost to replace the general manager if that became necessary, to give the Board a good idea of whether the general manager's compensation fell within the realm of reasonability. That information would be used to set the general manager's compensation for FY 97-98. Ms. Hocken clarified that the Compensation Committee would negotiate with the general manager for the current year, and bring that as a recommendation to the full Board.

Mr. Kleger made two observations. First, he said that nothing had happened during the past year to change any of the evaluations he had of the general manager's performance last year, so he didn't see a need to go through the formal evaluation process. Second, he said he was of mixed minds about the study. On one hand, he thought there would be significant cost to looking at the cost of replacing the general manager with someone of Ms. Loobey's talents and capabilities. On the other hand, he had been on the boards of two different organizations that had to replace an executive but were not in a position to offer competitive wages, and both organizations spent more than ten years recovering from those hiring processes. He said that was one of the most suicidal things an organization could do, and he did not want to be in that position again. Therefore, he strongly supported the recommendation.

Mr. Bailey concurred with Mr. Kleger's comments about the evaluation. He said that nothing on his evaluation form this year would change, so he did not see a significant loss to the District if an evaluation were not performed in the current year.

MOTION Mr. Bennett moved that the Board authorize the Board Compensation Committee to negotiate with the general manager to achieve an adjustment in her compensation package, for approval by the full Board, with the understanding that no formal evaluation process will be undertaken this year, and with the understanding that an independent executive salary evaluation of the General Manager's compensation package will be

VOTE undertaken during Fiscal Year 1996-97. Mr. Bailey seconded, and the motion carried by unanimous vote.

Resignation of Finance Manager: Ms. Loobey called the Board's attention to the staff summary on page 160 of the agenda packet, announcing the resignation of Tamara Weaver as Finance Manager. She stated that the District would miss Ms. Weaver very much. She had contributed to the District in ways that were not even contemplated when she was hired, and staff appreciated her work, her skill, and her dedication and loyalty to the organization.

Mr. Kleger moved a special vote of thanks to Ms. Weaver for all her excellent service to the District, and said it had been a unique and good experience to deal with someone as good as Ms. Weaver. Ms. Hocken agreed and also offered her thanks.

ADJOURNMENT: Mr. Montgomery moved, seconded by Mr. Bailey, that the meeting be adjourned. There was no further discussion, and the meeting was unanimously adjourned at 10:30 p.m.

Board Secretary

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