MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL MEETING

Monday, March 15, 1999

Pursuant to notice given to *The Register-Guard* for publication on March 11, 1999, and distributed to persons on the mailing list of the District, a special meeting of the Board of Directors of the Lane Transit District was held on Monday, March 15, 1999, at 5:30 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:
Kirk Bailey, President, presiding
Rob Bennett, Vice President
Pat Hocken
Dave Kleger, Treasurer
Virginia Lauritsen
Hillary Wylie, Secretary
Phyllis Loobey, General Manager
Susan Hekimoglu, Recording Secretary

Absent: Dean Kortge

CALL TO ORDER: Mr. Bailey called the meeting to order at 5:35 p.m. He stated that he had enjoyed the recent annual employee banquet, and the banquet committee was to be commended.

WORK SESSION: COMPREHENSIVE SERVICE REDESIGN (CSR) DESIGN ELEMENTS: Ms. Loobey prefaced the discussion by saying that she was not certain that LTD did a very good job of telling its story. There still was a perception in the community that LTD was running big, empty buses, even though the ridership statistics proved otherwise. It was important, particularly during the CSR process, to remember that LTD was more than just a bus company operating one type of service, but rather was four or five different bus companies that provided many different types of transportation options to the community.

Ms. Loobey further stated that all those functions were important to the community, and the community would suffer if LTD were not doing a good job. LTD was ranked high regionally and nationally in terms of effectiveness in getting people to ride the bus and in overall population coverage.

LTD's fixed-route service had two components, both of which were important to the community, and for which the Board had set an aggressive policy. The first was that LTD was 100 percent accessible so that LTD rated higher than many cities across the nation in lift boardings. The other was the enviable record around the group pass program. Ms. Loobey stated that she wished staff had taken people counts at LCC on McVay Highway prior to the implementation of the LCC group pass program and then taken those counts again after implementation. And while those counts might show that LTD had not substantially reduced congestion, she was certain that they would show that LTD had increased the capacity of that roadway. That was a major benefit of having a transit system that was effective and efficient.

Ms. Loobey further stated that if LTD were not providing football shuttles to Autzen Stadium, the road network would be in gridlock on any of the corridors leading to Autzen Stadium. It would be similar to the experience of the Grateful Dead concert at Autzen Stadium. LTD had a plan of action, and could have made a difference if the organizers had agreed to provide shuttle service. LTD had a bus stuck on the Ferry Street Bridge for several hours because of the congestion. Unfortunately, there was not then, nor was there currently, a way to require alternative transportation plans from major event organizers. The gridlock that occured, such as with the Grateful Dead concert, resulted in a high cost to the community.

There were groups who came to this community who would not have been here if not for LTD, such as the Worldwide Scientific Congress, the NCAA, etc. LTD worked hand-in-hand with the Convention and Visitors Bureau to attract large groups to the community.

LTD did more than just operate buses up and down the streets, and there were statistics to prove that, but that did not mean LTD could not do better. The ability to gather useful statistical data had improved tremendously, and that data would be very useful as the Board began to make choices about how the fixed-route service should operate.

Service Planning and Marketing Manager Andy Vobora discussed the Comprehensive Service Redesign (CSR), which was a process by which staff would evaluate the entire LTD system on a sector-by-sector basis and make wholesale changes to address the inefficiencies that had crept into the current system design. The CSR process had begun and would address operational issues, respond to community growth, simplify the routing system, and increase productivity, resulting in service implementation in the fall of 2000.

Mr. Vobora stated that following his presentation, Finance Manager Diane Hellekson would discuss the Fare Policy development, which related closely to the system design. He stated that staff would ask the Board for approval of the design guidelines, productivity standards, and a resource allocation plan.

Mr. Vobora stated that Board policy shaped the service design. Currently, Board policy provided for an urban route productivity level of 67 percent of system average. The Board policy also mandated that service be provided within one-quarter mile of 85 percent of the households within the service area, that the rural route productivity achieve 30 boardings per round trip in order to continue service, and that bus stop spacing be at two-block intervals. Mr. Vobora stated that he was not sure in all cases that the current service continued to meet Board policy. The Board needed to address the policies that had been set, and the CSR would result in service that met the revised Board policies.

Mr. Vobora said that LTD did provide good service. Ridership had grown steadily, and LTD was ranked very high nationally on many levels. In terms of the span of service, sometimes there were empty buses, typically because in the middle of the day, there were routes that were more lightly used. However, those trips could not be deleted just because of the nature of the users of the system. For instance, all commuters were not working from 8:00 a.m. to 5:00 p.m.; 50 percent of the riders were students, who had classes at various times throughout the day. The service needed to be available to meet those different time frames throughout the day, or people would choose not to ride.

In addition, Mr. Vobora stated that LTD needed to provide origin and destination coverage. If service were provided just on the main corridors, where the highest productivity was, but not where people lived, people would choose not to ride the bus and would seek other modes of transportation.

Staff attempted to match service to density, and there were opportunities for refinement, which would be addressed during the CSR process. Mr. Vobora stated that currently 52.7 percent of the routes exceeded the 67 percent productivity standard, while 39.7 percent of the routes fell between the system average and the productivity standard. Only 7.6 percent of the routes fell below the productivity standard. If the productivity standard were raised to 70 percent, only those routes that were between and below the current system average would be affected.

Mr. Bennett stated the he was somewhat frustrated with the process and presentation. He was interested in the materials that were presented, but would have liked to receive the information earlier so that the Board could hold its own discussions. He did not feel that he was ready to make decisions without the Board holding a comprehensive discussion about its role, responsibility, and philosophy. Mr. Vobora responded that his presentation was nearly concluded, and he had planned to present different productivity standard scenarios. He believed his presentation, in combination with Ms. Hellekson's pricing presentation, would provide a foundation for the Board to have that conversation. He also believed that the Board could hold an ongoing discussion in conjunction with decisions that needed to be made during the CSR process.

Mr. Bailey stated that his understanding of the process was that this was a work session in which no decisions would be made by virtue of motions or adoption of policies, etc. He believed that this was another opportunity for the Board to engage in a conversation, such as Mr. Bennett described, that would occur during the next few months. Mr. Vobora agreed with Mr. Bailey, but noted that at some point staff needed to begin the CSR research, and without direction from the Board, working under the current standards, staff could not begin that research.

Ms. Lauritsen stated that staff presentations took up much of the available meeting time, and the Board did not get an opportunity to hold a comprehensive conversation, such as Mr. Bennett had mentioned.

Mr. Vobora concluded his presentation by handing out an analysis of LTD urban routes. He discussed a comparison of revenue hours between routes 11 and 12, and what factors would affect those routes if the productivity standards were changed. He also briefly reviewed the suggested design guidelines.

Mr. Bennett asked what a route system would look like that had higher productivity levels, but stated that providing examples of why one route might not work that way did not get at what he was interested in. He was more interested in looking at the entire system as a whole. He explained that he would better understand the ramifications of a change in policy decision if he could see what the whole system might look like under different policy scenarios. He believed this had to be the framework of the Board discussion. He also was interested to know how people might react to various policy changes and how the Board would address the social aspects of service requests that were made during public hearings.

Ms. Hocken stated that she would be interested in a discussion of what the effect on coverage in terms of percentages would be if the Board were to raise the standard. She also was interested in discussing how the operating costs influenced coverage percentages. She thought that the Board policy had to balance the goals, and if the Board did not know what effect the productivity standards had on coverage standard, they would not be able to discuss any changes to the policy.

Ms. Wylie asked if it was Mr. Bennett's intent to raise the minimum standard for route productivity. Mr. Bennett replied that he did not know if that would be the outcome. He stated that he did not know where LTD operations stood in terms of the benchmark, but he believed that the Board should have a philosophical discussion about service before it discussed efficiencies of service.

Mr. Bailey stated that the Board members needed to discuss a comparative analysis between the coverage model, productivity model, and the equity model and what effect those models had on pricing.

Ms. Hocken stated that there was a mission to provide some level of lifeline service, but she did not know how that fit in with what LTD was doing now in terms of coverage. Until she knew the relationship of productivity and coverage in terms of where routes were placed, she was not sure if she could provide policy direction.

Ms. Lauritsen stated that for the payroll taxpayers, whether or not they ever rode a bus, LTD ought to at least operate a bus near their places of business every so often. Like private corporations, LTD needed to make money, but LTD was in the gray zone neither being an agency nor a private company. She was not sure that productivity, with 80 percent of the money coming from other sources, was the way LTD should be going.

Mr. Kleger stated that LTD could not afford to ignore productivity. LTD had a mission to provide lifeline service, reduce the number of VMTs, and reduce congestion to special events. LTD was, as Ms. Loobey stated earlier, several bus operations, and it was difficult to balance those competing values.

LTD was in the process of attempting to strike what amounted to a balance or a compromise among competing values. Mr. Kleger's personal view was that LTD had the wherewithal to provide better coverage each time it improved efficiency. He did not see the two as, necessarily, contradicting each other. LTD found ways to improve efficiency and improve farebox recovery that provided more resources to use on all of its missions.

Mr. Kleger said that at moments like this, he found himself somewhat frustrated between the philosophy of system planning and the philosophy of farebox recovery being divided into two discussions, because they were inextricably linked. Massive changes tended to upset everyone and discourage people. Gradual changes were more easily absorbed. If LTD were in a crisis situation, faster changes might be unavoidable, but there was a price to be paid for them. Given all the factors, it was extremely complex, and it became more so as time went on and the community grew.

For Mr. Kleger, there was one more complicating factor –there were a limited number of places to operate buses. There was the serious problem of huge blocks of built community that were mazes through which operating buses was nearly impossible to do on any kind of an efficient basis. There were not a lot of choices about where to operate buses. These were the types of issues that staff had to juggle, but Mr. Kleger wanted staff to determine the most efficient way of getting the job done to meet more needs.

Mr. Bailey asked what discussion the Board needed to have at this meeting or what questions the Board needed to have answered in order to keep the CSR process moving forward.

Mr. Vobora stated that he thought the Board needed to come to some consensus about what the system would look like and how broad the coverage would be. Staff could refer back to the proposed service design guidelines to provide a sounding board for developing the service. The pricing issue would be presented to the Board at its regular meeting on March 17 and would address how service and pricing worked together. It also would include an overview of how the transit industry, on average, set its service policy according to goals in terms of coverage and VMT-reducing services, and then in terms of how a pricing plan was developed that helped meet those goals

Mr. Vobora said that staff believed that LTD had a good bus system, and the intent was to build on the good of the system. He believed the staff research and design work could occur in conjunction with the Board discussion. He also believed that staff could continue to answer questions, and if the Board had specific questions, he asked that they contact staff directly so that answers could be provided on a timely basis.

Mr. Bennett wondered what direction the Board wanted to take. He thought that the Board had a responsibility due to the narrow tax base to consider all options, such as zone pricing or higher pricing, for example.

Ms. Hocken stated that she would be interested in finding out what LTD's coverage ratio was with the current standard and also with the higher standard scenarios. She also was interested in reviewing fare changes to see how they would affect the demand for service. She asked if the UO football service was being charged at the fully-allocated costs. Mr. Vobora replied that passengers paid a portion, and the UO subsidized the remainder of the fully-allocated cost. Ms. Hocken also was interested in reviewing statistics from other transit properties that addressed balancing coverage and productivity.

Mr. Vobora stated that most transit agencies set specific standards. Typical minimum standards were set at 15 to 20 rides, acceptable standards were 20 to 25, and above-average standards were 25 and above. Often, standards were set a little higher for commuter routes and a little lower for neighborhood connectors. With regard to Ms. Hocken's question about what percentage of coverage would be lost if the productivity standards were raised, it would depend upon such factors as the reallocation of the service that was eliminated. The coverage area may not change significantly, but the frequency of service would change and the type of service would change.

Ms. Hocken stated that she understood it was a hard question, but she wondered what would happen to coverage if all the routes below a 75 percent standard were eliminated. She stated that she would like to see a mapping of the various scenarios. She added that a segment standard might also be considered along with the route standard.

Ms. Wylie stated that this was a highly complex issue, and she believed in staff's ability to sort through the information and make recommendations to the Board. She realized the Board wanted to continue to honor its role as financial keepers of the public trust and also continue to provide some level of lifeline service. She believed that staff took those things into consideration, and she thought the Board needed to listen to staff expertise, especially on a complex issue such as this one. That did not mean that the Board could not review figures for higher productivity standards, etc. Ms. Wylie stated that her goal also was to increase ridership to accomplish better fare revenue, and to keep the ride attractive by not increasing fares. She thought that the Board ought to trust staff's hard work on these complex issues.

Ms. Loobey stated that it was valuable to have this dialogue each time LTD embarked upon a large planning process such as the CSR. It helped to keep staff focused and prepared to respond not only to the concerns of the Board, but also to the concerns of the LTD taxpayers and other members of the community. She believed that one of the most frustrating aspects of the job of providing transit services to the community was that the benefits were not quantified. If they were quantified, then LTD would find itself in fewer dilemmas about the number of taxpayers or the fact that the farebox revenue made up only 21 percent of the operating costs, which, Ms. Loobey noted, was phenomenal when compared with other transit properties the size of LTD. But LTD was more than just a bus company. Ms. Loobey stated that LTD was created because the cities of Eugene and Springfield chose to have a bus system for the too young, the too old, and the too poor. It was a fundamental reason for the existence of LTD. LTD had grown over time as it had found more opportunities to be more to the community. It was very hard to quantify those accrued benefits to the entire community. For example, Ms. Loobey asked what it would cost the community to experience gridlock around Autzen Stadium during special events, such as football games, or what did it saving the community to not be experiencing that gridlock? The costs of not providing that service had not been quantified.

LTD had a long-range financial plan, and it was known where LTD stood financially, even as it moved forward with the kind of expenditures being raised with the bus rapid transit (BRT) project. In addition, it was known what the fare elasticity was. Discussions could be held about charging more or getting more from the farebox. There were competing goals when considering what to do with fares and what to do with ridership. The frustration was in weighing LTD's role in being a part of the transportation infrastructure against those competing goals.

When LTD increased the weekend fare, ridership on the weekends decreased for 18 months before it began to rise again. Another example cited was service to Gateway. The tail end of that route traveled south on Pioneer Parkway, which was a very unproductive segment of the route. The choice had to be made to travel along Pioneer Parkway anyway, because it was the most logical, direct route to the Springfield Station. That was an example of an unproductive route segment that could not be eliminated. This was the hardship of operating within a built environment.

Ms. Loobey believed the Board needed to have these discussions and get these issues out on the table. Staff would respond with the best information possible, and were more than willing to compare any part of what LTD was doing at any time with what other transit properties were doing across the country.

Ms. Loobey said that it was important to remember what LTD's essential mission was and to know that LTD did provide more benefit to the community than could be measured. For instance, it was known that Sacred Heart and the UO were not building additional parking garages because of the group pass program, and Hyundai had received parking variances because of the group pass program. Those facts did not end up being part of the farebox-to-operating cost ratio.

Ms. Wylie stated that with the current BRT and Springfield Station planning in Springfield, she did not want to downgrade routes that supported Springfield ridership. And a key route in Springfield was the Gateway route. She thought the Board members needed to keep in mind what was important to their constituents.

Mr. Bailey stated that he thought Ms. Wylie's encapsulation of where things stood was good in the sense that staff's charge from the Board was to get the productivity level to the highest level possible, do the same thing with coverage, and to not make it cost-prohibitive. He was not sure what other guidance the Board could provide. He stated that he was frustrated with the fact that the Board had gone back and forth, at least since he had been a member, on the coverage/productivity, lifeline service/productivity, market debate.

In October, during the Board strategic planning work session (retreat), Mr. Bailey thought that there had been a breakthrough moment when the Board found some other way of conceptualizing that debate that would move the District forward. And while it might not be the answer, it might be the way of getting to the answer. He had not heard the Board engage in a further discussion of the numbers or the philosophy behind that breakthrough moment. He believed that was what the Board needed to do to move forward. The October discussion encapsulated everything that had been done with the coverage, productivity, and pricing elements.

Mr. Bailey continued by saying that some Board members wanted to talk about values and philosophy, but could not do so without knowing what some of the numbers were. And, the Board could not have a conversation about what some of the numbers were without having the values conversation. Using the Gateway route as an example, it would not be enough to say that the Board could just review the numbers and make a determination to eliminate or replace the Gateway route. The Board would need to have some semblance of an answer or it would continue to bounce back and forth between the values and a practical numbers conversation.

There was some tension, and Mr. Bailey was not sure it was resolved, but he did think that the Board began getting at it during the October discussion. He believed that the Board needed to get back to that discussion before moving forward in a productive fashion.

Ms. Lauritsen referred to the statistics that showed LTD third behind Portland and Seattle in terms of population served per 1,000 rides and boardings per revenue hour, and asked Mr. Vobora to prepare some "what if" scenarios about what was different about Portland and Seattle that caused their statistics to be higher than Eugene. She stated that she agreed with Mr. Bailey's belief that the Board needed to recapture that discussion from October.

Mr. Vobora responded that both Portland and Seattle had such a density that some people were forced to use alternative modes. Staff had just received data from Lane Council of Governments, which attempted to reveal the density/productivity index that would blend the issues of levels of density and levels of service provided and what productivity was being gained from it. The answer was an index that generated the ability to gauge the coverage/productivity of service.

Staff were struggling with the same issues as the Board and had continued to discuss those issues with the consultant who worked with the Board in October. It was important to continue to look at the current system in terms of the things staff were knowledgeable about and comfortable with, and to consider the number of hours of service that fell within that high-productivity range and to analyze the factors that caused those routes to be so productive.

Routes that fell below the standard could be considered coverage routes. The Board could decide to raise the standard and do away with those routes, but accept some coverage routes that were at the lower end of the standard. Staff would continue to work on these issues.

Ms. Hocken encouraged staff to continue to develop the index, which might give the Board a clue as to why some routes were really productive and others were not, as well as if there were places where productive service could be added because the necessary density factors were there. She thought the index could be very useful for many things.

Mr. Vobora added that was exactly why staff wanted that information. It would be very helpful during the segment analysis to have the tools to analyze the density of the area and know more about what to expect from service. Using the Gateway area as an example, Mr. Vobora stated that according to rides per hour, the Gateway route did fall below the standard, but staff knew that it was due to certain unproductive segments along that route, such as the segment from Gateway to Springfield Station along Pioneer Parkway. According to the density figures, the Gateway area ought to have more service, because the index would show that it was under-served along the Gateway Street segment. So, if productivity were the only factor being considered, that route would be in danger of being cut. There were many factors to consider, and Mr. Vobora thought that those indexes would be of great assistance.

Mr. Kleger stated that some of the riders claimed that the Gateway route was under-served.

Mr. Bailey reminded the Board that the October discussion centered around the index and an understanding of how productivity related to density. LTD had valued high coverage for a very long time, and now the District had matured and there was little room left to grow in terms of the confines of traditional bus service. LTD now was a transportation entity, which meant productivity issues needed to be more highly considered. The only way to merge those issues was with this density index.

Ms. Hocken stated that because the street network was not conducive to coverage, the Board may need to consider an expectation that people use Park & Rides along major corridors as a way to serve the dense areas. Maybe people could no longer expect a two- or three-block walk from their residences to the bus stop. This would affect coverage as well.

Ms. Wylie asked if there was a process for reviewing how businesses had changed, including new business and changes in the nature of the business. Mr. Vobora replied that staff would analyze both those issues during the segment analyses. In addition, LTD staff reviewed and actually signed off on new business development plans.

Mr. Vobora stated that Ms. Hellekson had a pricing presentation that had been scheduled for this meeting that was closely tied to the current discussion. Ms. Hellekson added that there were two pieces to the fare discussion. One was the big picture, objective piece that addressed how to go about developing fare policy and how it interrelated with the service policy. Some of her material would provide clarity to some of the discussion that had taken place at this meeting. The other was a piece of business that would allow LTD to move forward in carrying out the current fare policy for one more year. As Mr. Kleger had mentioned, fare policy could not be developed in isolation; it had to be developed in conjunction with the service policy, and until the CSR was complete, it did not make sense to reinvent the wheel on fare policy. However, there were some important concepts that Ms. Hellekson wanted to share with the Board that she believed would be helpful. She said that she could provide a condensed version of her presentation at this meeting, then give the full presentation at the 5:30 p.m. work session on Wednesday, March 17.

Ms. Loobey stated that she believed it was a very important issue, and it should be heard by all of the Board members. It was to the Board's advantage to have the other Board members present.

Mr. Bailey asked if handouts could be provided prior to the meeting for Board review.

Ms. Hellekson provided a brief version of the pricing presentation. She stated that the fare policy consisted of three pieces. The first piece was service, the second was earned and unearned available subsidies, and the third was farebox. She stated that the available subsidies piece of the fare policy historically had changed in significance.

When public transit was in its infancy, the farebox piece was very important because available subsidies did not exist. However, when communities and the federal government got involved, suddenly subsidies were available, and the farebox piece got smaller. Farebox revenue was not expected to do more that fill the gap. Then, the federal government got out of the business of operating subsidies, and the farebox recovery trend had decreased. The average farebox recovery for all bus systems in the country was 33 percent, which included the major systems. The average for smaller properties was 20 to 25 percent. What happened was that the service piece became so important that transit properties found other ways to subsidize the service, which for LTD was in the form of the payroll tax.

Farebox recovery and available subsidies defined the service. So, when the CSR was complete, there would be a picture that would relate to what the overall goals of the community were, such as reduction of VMTs and continued service to the transit dependent. Those things were the big pictures of what LTD was trying to accomplish.

Ms. Hellekson also wanted to clarify what farebox recovery was. Farebox recovery ratio actually was the formula of farebox dollars over operating expense. Much discussion went into the farebox dollar piece of the formula, such as if the market could bear more. Ms. Hellekson added that two-thirds of the transit properties in this country charged $1.00 or less for adult fares, and she had many reasons to explain why that was true. The systems that charged more than the $1.00 barrier had a number of factors in their favor, such as congestion pricing programs in effect that made the fare a good deal. Most of them had pre-paid fares or some other electronic farebox system that took the inefficiency away from counting those coins. For example, Pierce Transit had fareboxes that counted cash fares.

Farebox policy was such a difficult issue, that 94 percent of the transit properties in this country had no formal farebox policy. LTD was one of the 6 percent that did have one. Not only did LTD have a policy, but it specified when fares were to be reviewed and how often fares needed to be raised and for what reasons. In addition, LTD's fare policy emphasized that farebox recovery was a high priority.

Therefore, even though the farebox ratio was discussed at great lengths, decisions were being made about the operating expense that had an impact on what that total ratio number was. For example, if making the farebox ratio as high as possible was a high priority goal, then certain considerations would need to be reviewed, such as public restrooms at the Eugene Station, wastebaskets at the shelters, landscape at the Glenwood property, and cleaning the buses each and every night. Those considerations all went into the operating expense that caused the farebox ratio to be lower.

Ms. Loobey stated that Ms. Hellekson's presentation would be provided on Wednesday, March 17, at the work session beginning at 5:30 p.m.

ADJOURNMENT: There being no further discussion, Mr. Bailey adjourned the meeting at 7:20 p.m.

Hillary Wylie
Board Secretary