

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING

Wednesday, December 15, 1999

Pursuant to notice given to *The Register-Guard* for publication on December 9, 1999, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District met in regular session on Wednesday, December 15, 1999, at 5:30 p.m. in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Hillary Wylie, President, Presiding
Rob Bennett, Vice President
Dave Kleger, Treasurer
Dean Kortge, Secretary
Gerry Gaydos
Pat Hocken
Virginia Lauritsen
Phyllis Loobey, General Manager
Susan Hekimoglu, Recording Secretary

Absent: None

CALL TO ORDER: The meeting was called to order at 5:35 p.m. by Board President Hillary Wylie.

PRELIMINARY REMARKS BY BOARD PRESIDENT: Ms. Wylie introduced and welcomed Gerry Gaydos, who was appointed to the LTD Board by Oregon Governor John Kitzhaber to fill the vacant Subdistrict 5 position. Ms. Wylie noted that Mr. Gaydos was a local attorney, who not only was very active with the Oregon State Bar, but who also had been extremely active in the community. She also noted that Mr. Gaydos had been a member of the LTD Budget Committee for several years.

Mr. Gaydos said he was excited about and appreciated having been appointed to the Board. He said that one of the things that he enjoyed was working with a good team, and the Board and staff at LTD were a good team.

ANNOUNCEMENTS AND ADDITIONS TO AGENDA: Ms. Wylie noted that an executive session had been added to the agenda and would be held later in the meeting following the arrival of counsel, Roger Saydack.

WORK SESSION - "FREE SERVICE" ANALYSIS: Planning and Development Manager Stefano Viggiano said that in October, the Board had directed staff to conduct an analysis and present alternatives for free or reduced fares. Staff had prepared four options, and Mr. Viggiano asked the Board to provide direction to staff with regard to the various options.

Under Option A, all routes at all times would operate without charge to any user. Group pass programs would cease to exist. Under Option B, the systemwide fare would be reduced to 25 cents, and free transfers would be eliminated. Other fare instruments would be reduced proportionally. Under Option C, systemwide free fare would apply to youths ages 18 and under or ages 14 and under. Under Option D, neighborhood connectors, including the downtown shuttle, would be fare free or fare reduced. The free service on those routes would be implemented over time as they were developed.

Other options that were mentioned at the TransPlan public hearing that could be considered were free fare during certain periods of the day, such as during off-peak hours, and a "fareless square" in downtown Eugene.

Each of the options presented included information about the potential impact on ridership, revenue, operations, and paratransit as well as the potential benefits and disadvantages and a staff recommendation. Staff also included information about community support.

Mr. Viggiano reviewed Option A. Mr. Kleger was concerned about Option A because currently, the higher RideSource fare was an incentive for people to use regular bus service, and if that fare were eliminated, paratransit usage would increase, which would increase the already high operational cost. Ms. Lauritsen expressed her concerns about the revenue replacement, particularly the option of increasing the payroll tax rate. Ms. Wylie said that she was concerned about the loss of farebox revenue, particularly if it were being used as local match.

Mr. Kleger asked what percentage of current service would be cut back to fund the loss in revenue. Mr. Viggiano said that he did not have the percentage, but a \$3.1 million cut in service would be substantial.

Finance Manager Diane Hellekson added that the Finance Committee had met in November and had discussed the projected reduction in federal funding for major capital projects and bus purchases. Staff would be exploring options for more local funds to replace those federal funds, either as a greater local match or for outright local purchases. The consensus of the committee was to not consider an option that would dramatically reduce local funds at a time when more local funds would be needed to divert to capital projects.

Mr. Gaydos asked how much it would cost to further research the "free fare" issue, as he thought it was an opportunity to educate people. Ms. Hellekson added that staff had received a proposal from the University of North Carolina at Charlotte (UNCC) to research fares and productivity vs. coverage.

Mr. Bennett said that while there may be political reasons to continue the research of Option A, doing so would suggest that the Board thought free service could be fruitful in terms of meeting objectives. However, one objective was to facilitate a more balanced transportation system, which included competing for people who were now driving their automobiles. If more people rode the bus, but there was no impact on congestion, then he did not think Option A merited further consideration. He thought LTD would need more capital

funding in order to compete directly for those choice riders to achieve a better balanced transportation system.

Ms. Hocken asked if further research of Option A would produce better information than what staff had presented. Ms. Hellekson said that further research might result in more information and better projections.

Mr. Viggiano said that staff were responding in a written document to questions that were submitted from the TransPlan adopting officials, including questions about free service. The free service analysis could be included in that response, which could begin to educate both the other adopting officials and the public about the free service. If the public comment period for TransPlan were reopened after this information was distributed, some people who earlier had requested free fares might understand the ramifications of doing so and respond to the new information.

Ms. Lauritsen asked if the proposed research by UNCC would have any other benefit to LTD. Ms. Hellekson said that the research could be structured to provide other benefits.

Mr. Gaydos said that he had been persuaded by the comments, and he would support the staff recommendation, which was to not pursue this option further.

Mr. Viggiano then reviewed Option B. Ms. Hocken asked why staff had researched a 25-cent fare without free transfers rather than a 50-cent fare with a free transfer option. Mr. Viggiano thought that might be a better option, because currently many riders were required to use two buses to get to their destinations, and under the 25-cent fare scenario, those riders also would be required to pay twice. Mr. Viggiano said that staff also were recommending that this option not be pursued further at this time.

Staff were recommending that Option C, free fare for youths, be further researched. Mr. Bennett said that the projected increase in ridership seemed very high, and he asked how staff had arrived at those figures. Mr. Viggiano replied that they were educated guesses based on current student ridership and the fact that youths tended to be more fare sensitive than the general population.

Mr. Kortge asked if research had indicated that behavioral change might be hoped for among youths resulting in bus riding by choice. Mr. Viggiano said that research indicated that often, just getting a person on the bus for the first time was important. The bus was an uncertainty for many people. Introducing bus service to youths could result in their choosing to ride the bus as adults. Research also indicated that people would choose to ride the bus if the service met their individual needs in travel time, frequency, and comfort.

Ms. Lauritsen thought this option would be very attractive to the school districts. Ms. Wylie thought that staff also should research other options for youth, such as 25-cent fares, etc.

Ms. Hocken said that she liked the option for those ages 18 and under. She thought that this could be a way to address the school travel issues that were raised at the TransPlan public hearing.

Mr. Viggiano said that Option D, if pursued, would be implemented over time to coincide with the bus rapid transit (BRT) implementation. Staff were recommending that this option be pursued further.

Mr. Bennett said that he did not support free fares. He was not convinced that it would affect enough youths to get as close to a 35-percent increase in ridership as the staff had projected. He thought that the Board needed to be effective and accountable in its choices, and those choices should be able to withstand the test of time. If free fares had been tested and found to be overwhelmingly successful, then he could be supportive. However, \$600,000 was a lot of money, and he would want to see that it would be replaced before he would support losing it. Mr. Bennett said that he wanted the opportunity to vote against free fares.

Mr. Kleger said that he thought paratransit usage might just decrease under Option D, as more of those riders would choose to ride the regular service to get to their neighborhood services, such as the grocery store. He also was in favor of further researching the expansion of the reduced fare policy before looking into free fares for youths. At this time, he was not in favor of a systemwide free fare arrangement without a revenue replacement plan.

Ms. Wylie suggested that staff further research the 25-cent fare both for Options C and D.

Ms. Lauritsen said that there were security concerns for youths in Springfield, and she asked staff to take security issues into consideration.

Mr. Bennett thought that there would come a time when the Board would need to address an increase to the payroll tax percentage because the federal government would play a smaller role in transit funding and because the transportation plan suggested that LTD have a more aggressive role in traffic congestion management. LTD would need more resources to address those issues. He thought that LTD should begin positioning itself to get out into the community and make the case for reduced congestion. LTD would not be successful in this area if it were giving away its revenue. The people who supported free fares did so because they believed it would create a more efficient transportation system by providing more trips. If LTD stayed on track and demonstrated that those also were its objectives, a case could be made for more capital and resources. He was concerned about an environment where LTD was giving away any revenue.

Ms. Hocken said that since there was a lot of interest in the community regarding the fare issue, she was not prepared to drop it at this point. She agreed that Options A and B were financially unfeasible and should not be pursued. However, she thought that Options C and D had potential, but she also was not in favor of a free fare, but a reduced fare for youths and/or neighborhood connectors. She thought the neighborhood service had the potential to support nodal development if it were focused in a location that had nodal development. The other Board members agreed with Ms. Hocken.

Ms. Wylie asked staff to include projected BRT fares. Mr. Viggiano said that staff could do that, but the thought was that BRT would not affect the normal fare.

Mr. Viggiano stated that staff would further research Options C and D and would include various options of reduced fare service.

REGULAR MEETING - JANUARY 2000 EMPLOYEE OF THE MONTH: Ms. Wylie introduced Bus Operator Ray Robb as the January 2000 Employee of the Month. Mr. Robb was hired on April 11, 1994, and had achieved five consecutive years of Safe Driving and four years of Correct Schedule Operation. In addition, Mr. Robb had maintained an excellent attendance record. Mr. Robb was selected, in part, because of his overall accumulation of Employee of the Month nominations. He recently was nominated by a customer who appreciated his politeness and the fact that he was a "nice guy." Another customer wanted Mr. Robb to be acknowledged for his good driving, friendliness, and helpfulness. Mr. Robb's supervisor supported the nomination for several reasons, including Mr. Robb's professionalism and his wonderful sense of humor.

Ms. Wylie presented Mr. Robb with a certificate of award, a letter of congratulations, and a monetary reward. Mr. Robb said that he appreciated the award. He enjoyed his job and was proud to be an employee of LTD.

AUDIENCE PARTICIPATION: Mr. Rob Zako of Eugene, representing the Friends of Eugene, thanked the Board for considering the possibility of reduced or free fares. He said that the perception in the community was that LTD was funded in large part by community dollars, and people observed many empty or nearly empty buses operating throughout the community. Free or reduced fares might be a way to fill up those buses. He said that LTD was not in the business of moving buses, but in the business of moving people, and he challenged the Board to find better ways to do that.

PUBLIC HEARING ON LTD ORDINANCE NO 36, REGULATIONS GOVERNING CONDUCT ON DISTRICT PROPERTY: No one was present to speak on this topic.

MOTION **CONSENT CALENDAR:** Mr. Kleger moved that the Consent Calendar for December 15, 1999, be approved as presented. Mr. Kortge seconded the motion, which passed by unanimous vote. Ms. Wylie, Mr. Bennett, Ms. Hocken, Mr. Kleger, Mr. Kortge, and Ms. Lauritsen voted in favor of the motion. Mr. Gaydos abstained from voting.

VOTE The December 15, 1999, Consent Calendar consisted of the minutes of the November 17, 1999, regular Board meeting and a revised Administrative Retirement Plan.

SPRINGFIELD STATION SITE DECISION: Transit Planner Micki Kaplan said that after an extensive process, which included reviewing a significant amount of information, considering more than 40 sites for the station, conducting two station tours, collecting public input, and completing an Environmental Assessment on three possible station sites, the Springfield Station Steering Committee had been unable to make a recommendation for a new Springfield Station site. However, the Committee unanimously had agreed that the station should be moved from its current location. The Steering Committee had selected a representative in favor of each of the two possible sites to present their reasons for support to the LTD Board of Directors.

The Springfield City Council met in December following the Steering Committee meeting and unanimously preferred Site I. The Council indicated support for exploring a multi-modal concept with Greyhound.

Steering Committee member Dan Egan represented the Site I supporters. Mr. Egan complimented the LTD staff for the assistance provided to the Steering Committee. He said that the Steering Committee had met many times during the last 1.5 years and had come to an inconclusive end regarding the selection of the site. Mr. Egan thought that the exercise of selecting a site had been very valuable.

Mr. Egan said that there were five members of the Steering Committee who had supported Site I (Hillary Wylie, Anne Ballew, Darlene Fisher, Cindy Watson, and Mr. Egan). Those who favored Site I believed it had an enormous advantage over Site G in terms of future development and partnerships and thought that potential could not be ignored in a project with such long-range implications for both the transit system and the city. Site G did not offer similar opportunities due to its restrictive size.

Site I would continue the redevelopment of the South A part of downtown Springfield. During the past 15 years, South A had continued to evolve through projects such as the relocation and restoration of the historic Springfield Depot, Millrace Park, Dorris Ranch, and the relocation of Willamalane's Administration component on the Millrace.

It was hoped that Site G would be needed for a higher use as the downtown renaissance was realized in Springfield. The members of the Steering Committee who voted for Site I were strongly opposed to 'locking in' the LTD project on a block that would someday be crucial for downtown development.

There had been much talk of a park and ride feature to accompany the LTD Springfield Station project, which had been supported by many of the Steering Committee members as well as other leaders in Springfield. Site G would not allow for an on-site park and ride facility.

Those who supported Site I believed that steps could be taken to make the Springfield Station at Site I a safe, effective, and pleasant place for all. Traffic, noise, and safety issues could be mitigated.

Finally, the BRT project supported Site I. It was in the right position, had more size, could make multi-modal connections in the future, and had a much higher potential to become a destination point in the future.

Steering Committee member Ken Guzowski spoke next in support of Site G. He said that five of the Steering Committee members had voted in support of Site G (Mary Murphy, Don Lutes, Dave Kleger, Sean Wilson, and Mr. Guzowski). Mr. Guzowski also complimented staff and the committee. Those who supported Site G also saw the potential for a park and ride facility and/or joint development opportunities at Site I.

Mr. Guzowski said that he was a regular bus user, and, as such, was very aware of the activities associated with a bus station. The blind community, for instance, had voiced its

preference for Site G, as had people with disabilities and senior citizens. One of the biggest concerns with Site I was the need to cross South A Street in order to access the downtown shopping area and city services.

Site G would enhance downtown Springfield and be a catalyst for urban revitalization and economic development. While the size of Site G limited large joint development proposals, it could allow for some joint development for commercial and office use that might be compatible with the bus station use. Because it was located on Main Street, joint development might be easier to promote.

Site I could function effectively on its own as a park and ride location because typically, park and ride users would not be as concerned about pedestrian crossings on South A.

Public Testimony: (1) Vaughn Roser of Springfield represented the business owners located at the proposed Site I. He spoke about the economics of relocating a successful, tax-paying business from its current location. The only true dollar amount that had been discussed was an off-set to moving expenses, which was a fairly small piece of the whole picture. There also had been discussions about fair compensation, but as business owners, they did not want to rely on and hope that the City of Springfield and LTD would fairly compensate them. There had been no discussion about what fair compensation might be.

Mr. Roser said that the owners had researched their customer base, where they were located, how customers located the business, the amount of repeat business, etc., and had conservatively estimated a \$750,000 loss in business during the first year following relocation, which was a significant amount. In addition, the owners would lose the option to buy real property that currently was in place.

Mr. Roser said that if relocation occurred without significant compensation, the business would fail. Failure of the business would put seven family-wage positions out of work. Failure of this business also would take away revenue for several taxing authorities. Lastly, if fair compensation was not given, the personal life savings of the business owner would be wiped out. Those factors were very scary not only to the business owners, but also to the employees.

Mr. Roser urged the Board to strongly consider Site G for the downtown Springfield Station.

(2) Mr. Tom Draggoo of Springfield spoke as a representative of the Springfield Renaissance Development Corporation (SRDC), which supported Site I. The SRDC was a group of both private and public citizens, including business owners, managers, and non-profit and public agency representatives, who had researched Springfield as a whole and had decided that opportunities for redevelopment, development, and enhancement ought to be centered in downtown Springfield. One of the goals of the SRDC was to change the public's perception of Springfield.

There were some underlying assumptions about the site. Some people thought that downtown Springfield was not going to change any time soon, when, in fact, changes already were occurring. The job of the SRDC was to influence change in a positive direction.

The SRDC acknowledged that Main Street and South A had traffic problems, but believed that with the appropriate mitigation and investment, the traffic and pedestrian problems on South A could be overcome.

The SRDC appreciated the investment that LTD was about to make in downtown Springfield. Springfield would benefit from a bus station at either location, but the SRDC believed that Site I, in the long term, offered the best scenario. Mr. Draggoo urged the Board, on behalf of the SRDC to select Site I.

(3) Marylee Turner of Eugene, a field instructor with the Oregon Commission for the Blind, spoke in support of Site G. She said that she had an office in Eugene and lived in Eugene, but she spent a lot of time with clients in Springfield and a lot of time on the bus. She had submitted information supporting Site G, which was included in the public comments submitted for the Environmental Assessment. Visually impaired residents in Springfield and Eugene urged the Board to select Site G.

Board Deliberation and Decision: Ms. Lauritsen stated that she had been persuaded by the discussion of the long-term benefits on Site I, but only with the further review of the safety issues and the concerns expressed by the business owners.

Mr. Kleger stated that as a bus user, he had mixed feelings about the location. He had crossed South A frequently, and he did not think it was that difficult; however, people who had slower mobility, such as those who used walkers or those who could not walk quickly, could not cross South A in its present condition, safely and on time. The proponents of Site I had recognized that the crossing time had to be changed in order to make Site I a viable selection.

Mr. Kleger stated that he had three concerns about the selection of a station location. 1) LTD was committed to a partnership with the Springfield City Council, which had made known an overwhelming preference for Site I. 2) LTD was committed to serving the customers, who had made known an overwhelming preference for Site G. 3) If Site I were selected, some significant changes would need to be made to the intersection configuration of 5th Street and South A. The Oregon Department of Transportation (ODOT) had jurisdiction over South A Street, and ODOT typically made its decisions based on fairly rigid formulas. Mr. Kleger was concerned about what could be done to mitigate the intersection configuration. He thought those decisions should be made prior to making a commitment to build at the Site I location.

In addition, Mr. Kleger's other concerns included distance from City Hall and the core of downtown, contribution to future development, and relocating a business. He said that those concerns were not the major issues. The major issue was what would best serve the customer.

Ms. Hocken said that she had questions about the mitigation of the intersection and the strategies to reduce the speed limit on South A Street. She was concerned about the business relocation of Les' Canopies. She would need more information about fair compensation. She said that one of the positive components of Site I was the potential for a

multi-modal facility, but it was not yet known if Greyhound would be interested. Ms. Hocken said that she would like more information about Greyhound's relocation plans. In addition, Ms. Hocken said that she previously had not realized the joint development potential of Site G, and she wanted to learn more about that possibility. She said that in light of the fact that she had many unanswered questions, she did not believe she was ready to make a selection.

Ms. Wylie said that this was a very important decision to the communities. She was very supportive of the Springfield City Council's action to support the selection of Site I and the long-term development of downtown Springfield. It was important that the LTD Board respect the relationship with the Springfield City Council. She also had respect for the comments of the other Board members. She was somewhat alarmed by the comments Mr. Kleger had made about the mitigation of the 5th and South A intersection, and she thought it was important that the Board have that information before making a decision. She recommended that the Board defer its decision until January in order to gather more information.

Mr. Kortge asked if LTD would be able to get an answer from ODOT about the intersection and traffic on South A. Ms. Kaplan said that staff had been working with ODOT staff, but no commitments had been made. Ms. Wylie asked if there was new information about Greyhound's plans. Ms. Kaplan said that she had received information from Greyhound about two other multi-modal facilities that currently were in operation. She would be talking with staff from Greyhound again within the next week.

Ms. Wylie reiterated the issues that staff should further research, including intersection and traffic flow mitigation, Greyhound relocation, compensation of business owners, and joint development and park and ride options for Site G. She asked that staff keep the Springfield City staff informed as information was gathered. Mr. Kleger said that participating on the Steering Committee had been a pleasant experience. He complimented the committee and appreciated the effort. Ms. Wylie agreed.

GLENWOOD SEGMENT ALIGNMENT FOR BRT PILOT CORRIDOR: Mr. Bennett moved the following resolution: "It is hereby resolved that LTD staff are directed to include the Franklin Boulevard alignment recommended by the BRT Steering Committee for the Glenwood segment in the Environmental Assessment for Phase 1 of the BRT pilot corridor. Mr. Kortge seconded the motion.

MOTION

Mr. Bennett said that he supported the motion. Originally, Franklin Boulevard was not going to be considered for the Glenwood alignment because of traffic issues, the limited right-of-way, and the many issues with the business community. The LTD Board had intended to keep that commitment. Since then, the Springfield City Council asked LTD to reconsider Franklin with a phased-in approach as the properties along Franklin could redevelop over time.

Mr. Bennett thought that the Springfield Council had presented a sincere and well-thought-out suggestion, but one that would defeat the purpose of BRT due to the fact that it would be implemented over a long period of time. He did not think the Board could be accountable without achieving certain efficiencies and higher ridership. The BRT Steering

Committee recommendation included an immediate implementation option on Franklin in the environmental assessment primarily because the Springfield City Council requested the phased-in Franklin alternative.

The Steering Committee discussed a potential compromise in which BRT could be established on Franklin while allowing cross-movement for some period of time.

Ms. Wylie said that she appreciated the recommendation and alignment option. This alignment option kept Franklin in as a possibility and had a minimum impact on Franklin access. She thought it was a good compromise solution.

Ms. Hocken said that the phased-in Franklin alternative still would be included in the Environmental Assessment. There now were four alternatives to be assessed: the 14th Avenue alignment; the phased-in alignment on Franklin; the immediate implementation on Franklin, which was this proposal; and the no-build option. She did not get the sense that the Springfield City Council meant this to be a replacement of the previous proposal.

Mr. Kleger said that at some point, the Board would select an alignment. He said that he would like to know the travel times for each of the options.

There being no further discussion, a vote was taken on the motion directing staff to include the Franklin Boulevard alignment in the Environmental Assessment for Phase 1 of the BRT pilot corridor. The motion passed by unanimous vote with Wylie, Bennett, Gaydos, Hocken, Kleger, Kortge, and Lauritsen voting in favor and none opposed.

VOTE

EXECUTIVE SESSION: Ms. Hocken moved that the Board move into executive session pursuant to ORS 192.660(1)(f), to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed. Ms. Lauritsen seconded the motion, which passed by unanimous vote. The Board then moved into executive session at 7:43 p.m.

MOTION

VOTE

Following the executive session, Mr. Gaydos moved that the Board return to regular session, and Ms. Hocken seconded the motion, which passed by unanimous vote. The Board then returned to regular session at 8:05 p.m.

MOTION
VOTE

BOARD MEMBER REPORTS: Metropolitan Policy Committee (MPC): Ms. Hocken reported that all four of the TransPlan adopting jurisdictions had agreed to the staff-recommended process for approving TransPlan. The City of Eugene requested that the hearing record be reopened to allow people to comment on the staff response to the initial testimony. The representatives at MPC were willing to go along with the suggestion provided that the open period be a fairly short time period. The period that was suggested was January 31, 2000, to March 31, 2000, because by the end of January, it was expected that all the staff responses to public comment and the questions of the adopting officials would have been answered. Written comments would be allowed, but it was not suggested that another public hearing be held. The LTD Board would be asked to ratify that decision in January.

BRT: Mr. Viggiano said that focus groups had been held on Phase 2 of the BRT pilot corridor. Staff had refined the alternatives, and the first public workshop would be held on January 18, 2000.

Executive Search Committee: Mr. Kortge reminded the Board members that the candidates for the general manager position would be interviewed by staff groups on Friday, January 21, 2000, and the Board would host an informal reception with local invited guests to meet the candidates on that Friday evening from 5:30 to 6:30 p.m. The Board would then meet for dinner to prepare for their interviews and discuss questions for the candidates. On Saturday, January 22, 2000, beginning at 8:30 a.m., the Board would interview the candidates. Following the interviews, the Board would again meet to deliberate and select the finalist.

At the January Board meeting, an executive session would be held to discuss the contract perimeters with counsel, who would be the final contract negotiator.

Board members would act as hosts at the reception on Friday evening to ensure that the candidates had an opportunity to meet all of the invited guests. Comment cards would be available for staff and others to fill out to be seen after the interview sessions were complete. Ulum and Associates had been hired to assist with the community relations aspect of the hiring of a new general manager.

Ms. Lauritsen asked if the community reception had been discussed with counsel. Staff would check with counsel.

Human Resources Manager David Dickman asked the Board members to convey interview questions or concerns to him or Mr. Kortge. Also, Mr. Dickman asked the Board members to consider the issues to be negotiated in the employment contract. He mentioned that Ulum and Associates would be involved when the candidates were announced as well.

PRESENTATION OF COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 1998-1999: Ms. Hellekson highlighted several components of the Comprehensive Annual Financial Report (CAFR). She said that the table on page 40 compared what was budgeted with what actually happened. LTD took in more revenue than expected and spent less than projected. Passenger fares came in under budget, which was somewhat disappointing. Ridership had been fairly stable through the end of the year.

Ms. Wylie asked what was included in miscellaneous revenues. Ms. Hellekson said that it included such things as the SAIF dividend and miscellaneous payments.

Ms. Hellekson then discussed the comparison tables on pages 7 and 8. Total operating revenue increased by 5.5 percent over the previous year, while operating expenses increased by 12.1 percent. Ms. Hellekson said that the trend had been expected due to the decline in federal funding and the increase in operating costs. Staff would be researching ways to enhance revenue and opportunities to reduce expenses or to be more efficient in how those expenses were allocated. Expenses could not continue to increase faster than the revenue and ways would need to be found to get more from the operating revenues to

support capital expenses. One of the ways to do that was to leverage those revenues in some form of debt, which the Finance Committee was considering.

Mr. Kortge said that it would be helpful to know how much of the increase was due to added staff and how much was due to operational expenses. Ms. Hellekson said that the largest component of operating expenses was wages and benefits. LTD did not add a significant number of positions in the FY 1999-2000 budget; however, during the previous year, staffing levels were significantly increased both in support of additional service and in support of technology projects. Ms. Hellekson said that administration as a percent of total operations had grown. She noted that transportation and maintenance costs had remained steady throughout the years, while insurance and risk had decreased due to effective management of those programs. Special transportation costs had increased.

Ms. Wylie asked if productivity versus services would be factored into the budget planning. Ms. Hellekson said that staff would carefully review service costs for this budget. Staff already knew, for instance, that health insurance costs were going to increase dramatically and that the union contract negotiations would result in increased costs. Staff also knew that revenues likely would not increase by more than 3 to 5 percent. Staff would be seeking ways to hold the growth in personnel services expenses to single digit. In order to do that, service costs would be reviewed carefully, since it was the single largest component of operating costs.

Ms. Wylie said that she hoped Mr. Gaydos would have an opportunity to listen to the recording of the productivity discussion that was held at a special meeting in October as productivity versus service would have a large impact on LTD. The Board was hoping to reduce costs while increasing ridership by being more productive.

Ms. Hellekson said that LTD had received a favorable audit and federal Triennial Review, and staff were good at carrying out the budget. The calendar of budget meetings would be available in January, and the Finance Committee would meet again in January as well.

NOVEMBER FINANCIAL STATEMENTS: Ms. Hellekson said that LTD was on track with the budget for the year. In November, LTD received retroactive state-in-lieu revenue that was due but had not been paid. The Oregon Department of Administrative Services had assured LTD that the problem had been corrected, and future payments would be accurate.

Ms. Hocken asked if there was any way to track the state-in-lieu funds. Ms. Hellekson said that LTD received detailed reports, and it would be prudent to more closely review those reports on a regular basis.

DOWNTOWN SHUTTLE / CSR: Service Planning and Marketing Manager Andy Vobora said that the downtown shuttle plans and the Comprehensive Service Redesign (CSR) would be linked.

Mr. Bennett asked how expensive the shuttle service would be to operate. Mr. Vobora said that staff were projecting an annual cost of \$540,000. Mr. Vobora added that the vehicle purchase for the downtown shuttle was included in the capital budget. Mr. Bennett asked if

the downtown business community was involved. Mr. Vobora said that a partnership was being pursued in terms of funding, such as for sponsoring a shelter site near their places of business. The downtown shuttle also would enhance opportunities to market the group pass.

Ms. Lauritsen asked if the cost of operating the downtown shuttle would be different than the cost of operating the regular system. Mr. Vobora said the per-hour cost was the same; however, by providing frequent service, there were many hours of service being factored in.

Ms. Wylie said that the downtown shuttle was exciting, and she thought it would increase ridership.

Mr. Vobora said that following the Board's decision to allocate a greater number of service hours to high-productivity transit corridors, staff believed that a one-time implementation strategy was a feasible approach to the CSR. He then reviewed a new timeline that would result in implementation in September 2001.

Mr. Bennett asked if staff had prepared any scenarios of the reallocation of service hours. Mr. Vobora said that staff would begin preparing scenarios during the coming weeks. Route planning software that had been purchased was being implemented.

Mr. Bennett said that he was excited about the downtown shuttle, but was concerned about the productivity. Mr. Vobora responded that the definition of the shuttle had been expanded to include markets that staff believed would support higher ridership and provide a better chance of success.

COMMUTER SOLUTIONS UPDATE: Commuter Solutions Coordinator Connie Bloom Williams said that she had nothing to add to her written report, but would answer any questions the Board had. There were several handouts, including the Commuter Solutions card and samples of the Web pages that now included forms for requesting carpool matching. Ms. Hocken commented that the vanpool project between Eugene and Corvallis sounded exciting. There were many people who commuted between counties, and this seemed like a good solution for ridesharing for those people. Mr. Gaydos also thought that the vanpool concept might be helpful at the airport.

ADJOURNMENT: There was no further discussion regarding any other informational items in the Board packet, and Ms. Wylie adjourned the meeting at 8:55 p.m.



Board Secretary