

MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

LANE TRANSIT DISTRICT

Thursday, April 26, 2001

Pursuant to notice given to *The Register-Guard* for publication on April 8, 2001, and April 19, 2001, and distributed to persons on the mailing list of the District, a meeting of the Budget Committee of the Lane Transit District (LTD) was held on Thursday, April 26, 2001, at 6:30 p.m., in the LTD Board Room at 3500 East 17<sup>th</sup> Avenue, Eugene.

Present:

Board Members

Rob Bennett  
Gerry Gaydos  
Pat Hocken  
Dave Kleger  
Virginia Lauritsen  
Robert Melnick  
Hillary Wylie

Appointed Members

Michael Bean  
Gino Grimaldi  
Elaine Guard  
George Rode, Chair, presiding

Staff

Ken Hamm, General Manager  
Mark Pangborn, Assistant General Manager  
Diane Hellekson, Budget Officer  
Chris Thrasher, Recording Secretary

Absent: Betsy Boyd, Appointed Member  
Russ Brink, Appointed Member

**CALL TO ORDER:** Committee Chair George Rode declared the meeting reopened from the previous evening at 6:35 p.m. and thanked all for attending. A quorum was present.

**PUBLIC COMMENT:** No one in the audience wished to address the Committee.

**CONTINUE BUDGET PRESENTATIONS - Presentation Format and Logistics:**

Ms. Hellekson welcomed the Committee back for a second night. The Committee introduced themselves since it was brought to staff's attention that there was one new member this year. Ms. Hellekson noted that additional replacement pages were on the table in front of each member that should be inserted in the budget notebook. A handout was included to show accident claim information as requested by Ms. Lauritsen. Ms. Hellekson discussed the agenda for the current meeting and reminded the members of the Committee of the logistics of the meeting.

Ms. Hellekson also reminded the Committee of the two budget themes: 1) to improve productivity of current services and increase market share, and 2) to ensure success of the system in the future through implementation of bus rapid transit (BRT).

**Future Goals/Keys to Success:** Mr. Pangborn, Assistant General Manager, talked about future goals and keys to success. He believed efficiency and productivity were key pieces that could be obtained through run cuts, scheduling, RideSource, energy savings, van and bus pools, Commuter Solutions, comprehensive service redesign, shuttle, special services, BRT, and other capital investments. Capital investment was required to meet these goals.

Mr. Pangborn outlined a five-year plan for expenditures of the Capital Fund and referred the Committee to the Capital Fund section in the budget notebook for more detail. The plan included expenditures for buses; BRT; Springfield Station; stations, stops, and terminals; facilities; automated vehicle location, automated passenger count; intelligent transportation systems; Special Transportation; debt service, and other projects.

**Capital Overview—RideSource.** Mr. Pangborn reported that because RideSource has outgrown its current leased facility, staff had started the process of looking for a new site. One option was a joint facility with the State Motor Pool; however, they lacked the budget to go forward. Another option was an eight-acre site at 3<sup>rd</sup> Avenue and Garfield, which also could serve as a satellite facility serving west Eugene, River Road, and northwest Eugene. A west-side facility could significantly reduce deadhead time. Environmental tests were being conducted on the site.

In response to a question from Ms. Hocken, Ms. James stated that the \$538,000 allocated for Special Transportation was for new vehicles that LTD would acquire from LCOG for RideSource. Mr. Pangborn stated that a small grant amount would be used to design the new RideSource facility. He reminded the Committee that in the past LCOG bought vehicles for RideSource as well as for the out-of-district services, and now LTD would assume that responsibility. Ms. Hocken asked if that, in the past, would have flowed through as an operating expense rather than a pass through transaction. Mr. Pangborn stated that in the past it would have passed through the Special Transportation fund. LTD had never purchased vehicles for RideSource until now.

In a response to a question from Mr. Rode, Mr. Viggiano stated that the acreage for the Glenwood facility was 18 acres, which included the extra undeveloped property. The facility was originally built on 13 acres.

Mr. Pangborn stated that the Glenwood facility would still remain the main facility. The satellite facility would serve as a place to fuel, clean, and perform preventative maintenance on buses.

**Capital Overview—Fleet Upgrade.** Ron Berkshire, Fleet Services Manager, gave an overview of the fleet upgrade, which included fleet expansion. He stated that all decisions were based on a long-range fleet plan. The current plan was included on page 17 in the General Information section of the budget notebook. The plan listed the vehicles owned by LTD and the year they went into service. The total fleet number was made up of peak bus assignments plus spares ratio. The first assumption was that LTD would replace buses after 12-15 years of service life. If FTA funds are used for bus

purchases, a heavy-duty bus must be operated a minimum of 12 years. Historically, LTD has operated a heavy-duty bus for 15-18 years with no major impacts on operations. The other requirement was that we must have a 20 percent spares ratio, which is based on peak bus assignments. Peak bus assignment is the number of buses that it takes to provide the maximum service during the year. The numbers in the plan were then applied to the Capital Improvements Plan. Mr. Berkshire referred the Committee to page 2 of the Capital Improvements Plan section in the budget notebook for numbers on revenue vehicles. This was the amount used to plan out the appropriations for funding. There is a two-year mean time from time of order to receipt. Federal regulations require that funds be appropriated prior to committing to debt. This year LTD was in the process of appropriating funds for vehicles that would be put into service in 2003. Because of the time lag, there was an issue of what type of vehicle is purchased.

In summary, LTD would need to purchase 55 buses over the next five years; 49 would be replacement/expansion buses and 6 would be for BRT. Looking beyond that to the next five years, an additional 60 purchases would need to be purchased.

Today, it is more difficult to determine the type of vehicle to purchase since different types of vehicles are needed to perform different types of services. There are options for size (22-60 feet), type (low floor, standard floor), propulsion (diesel, natural gas, bio diesel, electric), and appearance. With new technology, there is risk involved. We can buy clean machines but they are very expensive. Another factor is the operational impact. The bus should be reliable and maintainable. Spare buses and parts should be available. Time required for operator training should be reasonable.

Mr. Rode asked if the hybrid vehicles were reliable. Mr. Berkshire felt confident that they were reliable. Tempe, Arizona, is pleased with the eight hybrid vehicles they have in service. He noted that technology could change between the time of order and receipt although some manufacturers update the vehicles as technology changes.

**Capital Overview—Springfield Station and BRT.** Mr. Viggiano updated the Committee on the Springfield Station and bus rapid transit (BRT) projects.

In regards to the Springfield Station project, the Steering Committee recommended Site I-West, which is located at South "A" Street and Pioneer Parkway East. Environmental approval was received in March 2001. Approval from the Springfield City Council and the LTD Board was expected in May 2001. After approval, a design team would be hired and staff would begin the land acquisition process.

Mr. Viggiano described the BRT Phase 1 corridor as the route from downtown Springfield to downtown Eugene.

Mr. Rode asked about the issue of the trees in the median strip of Franklin Boulevard. Mr. Viggiano stated that the design was modified to avoid removal of the trees except for one tree at each of the two station locations, which would not require a public vote. The plan was to plant new trees in between the old trees and possibly remove the old trees at a later time.

The environmental review process of BRT had been a major process. The Draft Environmental Assessment (EA) was issued in November 2000. The public comment

period closed at the end of January 2001. The Final EA was expected in June 2001. The FTA should issue a "Finding of No Significant Impact" (FONSI) in July 2001.

The approval process began in November 2001. Recommendation to approve had been given by the Eugene, Springfield, and Lane County planning commissions and the Lane County Roads Advisory Committee. Elected official approval was expected in May 2001.

Mr. Viggiano described a new design for 10<sup>th</sup> Avenue with a single-lane for BRT in the median, two-way traffic, bike lane, and median landscaping. On-street parking was removed. He stated that there was also a new design on Franklin Boulevard in the Glenwood area. Major design elements included median stations at Henderson, and Brooklyn or McVay; buses traveling in left traffic lane; exclusive lanes at signalized intersections; exclusive lane eastbound between Brooklyn and McVay; and traffic signal priority. Future design of the "Fast Lane" option would include median bus lanes, sidewalks, bike lanes, and landscaping.

Another important part of the project was neighborhood connector routes. Only one operates along the first phase in the Laurel Hill and Fairmount neighborhoods.

Mr. Viggiano demonstrated how a queue jumper would work.

In regard to vehicles, the LTD Board passed a resolution in September 2000 stating that LTD was committed to the conversion of its fleet to quiet, more environmentally friendly vehicles, with the conversion triggered by the cost, availability, and reliability of the new technology. For BRT, staff were looking for a vehicle with the following criteria: clean, quiet, 40+ feet long, rail-like appearance, low floor, multiple and/or wide doors, doors on both sides, and wheelchair and bicycle accessible. Ways to provide faster service included prepaid fares and boarding platforms the same level as the bus. Staff were in the process of researching vehicle options. A Request for Information (RFI) was issued to vehicle manufacturers with responses due April 25, 2001. After review of the RFIs, staff would investigate the most promising vehicle options. To date, responses had been received for the CiViS, Neoplan, TransTeq, Orion, and Berkhof/Jonckheere buses. Mr. Viggiano hoped for a decision in the fall of 2001.

In comparing regular service to service including BRT, data predicted that for the year 2020 the percentage of bus riders on the corridor would be 44 percent higher, travel time would be 43 percent faster, transit time versus auto time would be 6 percent faster, transit operating cost in corridor would be reduced by 21 percent, and auto travel time would be about the same as traveling on the bus.

The estimated construction cost for Phase 1 was \$11 million, which included a contingency of 30 percent. LTD had \$1 million in federal funds for planning and preliminary engineering, including a 20 percent local match. As part of TEA-21, \$8.8 million in federal funds was approved for design and construction, with a 20 percent local match. Local capital was used for current planning efforts. Federal funds were being sought for vehicles.

Mr. Viggiano stated that there was a recommendation to proceed immediately with extensions of Phase 1. Staff would work with partners to determine the most appropriate extensions. Scheduling depended on community support and funding.

BRT Phase 1 and Springfield Station design and construction were expected to occur concurrently. There was also a possibility of concurrent planning work on two future corridors on the west and east ends of the Phase 1 corridor.

Major budget issues included funding for Springfield Station construction, BRT Phase 1 vehicles, and future BRT phases. If all projects go as planned, there could be a need for more staff support.

**Capital Overview—AVL, APC, and Passenger Boarding Improvements.**

Mr. Vobora gave an overview by beginning with a description of automatic vehicle location (AVL). A computer on each bus would monitor and gather signals from a global positioning satellite (GPS) to track the location of the bus. Information would then be downloaded each evening through a batch mode system for further evaluation by staff. AVL functions would allow staff to look at automated passenger counting, which was currently being performed manually, to get route, segment, and stop data. Other AVL functions would include automated American with Disabilities Act (ADA) announcements, guest information announcements, and bus operations monitoring. Additions to the AVL system would include real time monitoring and real time passenger information.

Mr. Rode asked if it was more expensive to purchase all now rather than piece by piece. Mr. Parrott stated that it is about a third of the price to go to real time based on the comparison to a batch system. A batch system delivers more return for the dollar investment and is the foundation to be built on. He believed it was better to take the small steps in the progress.

In regards to passenger boarding improvements, Mr. Vobora showed pictures of the new shelters and the new station at Lane Community College. Improvements to the Thurston Station would begin in the summer of 2001 to provide better access to Main Street. In response to a question from Ms. Hocken, Mr. Vobora stated that people would still have access to the shopping area near the station. LTD would also like to partner with the Lane County Fairgrounds to build a joint Park & Ride since the current Park & Ride gets displaced during big events at the Fairgrounds.

**Grant Funding Overview.** Linda Lynch, Government Relations Manager, stated that there was a difference between formula grants and discretionary grants. Formula grants are given according to population size and density. Discretionary grants require an act of Congress. Goals for discretionary grant funding are to fund and build the Springfield Station and to fund BRT Phase 2. If we succeed in funding the next phase of BRT, it will lay a foundation or pattern for future phases.

Ms. Lynch stated that staff were looking for funding of BRT Phase 2 through the New Starts Program and reauthorization of TEA-21 (NEXTEA). She noted that New Starts funds are generally for the more expensive rail projects. BRT Phase 1 was funded in TEA-21 through the efforts of U.S. Representative Peter DeFazio. Representative DeFazio is one of Oregon's two members on the committee who will write the NEXTEA. Even if we were successful going through a New Starts process, we still would need to be named in NEXTEA.

A timeline showed the process toward funding.

In response to a question from Mr. Bean, Ms. Lynch believed LTD would receive funding for Springfield Station and BRT. She emphasized that the undertaking of the New Starts process could give LTD access to a much larger resource of funds but the competition would be greater. The goal of participating in the New Starts process was to get a full funding grant agreement with the FTA. That grant agreement was between the parties that showed how much each source would contribute.

In response to a question from Mr. Melnick, Ms. Lynch stated the funding would be for each phase of BRT. Phases should get easier because there would be fewer partners. The down side was that the local match would likely be higher than 20 percent. The average New Starts local match was 50 percent.

Mr. Hamm stated that success was important. If you could demonstrate that you can build the project, it will be easier to ask for funding for the next phase.

Ms. Lynch believed that politics was also an element in getting funding.

**Debt Financing.** Ms. Hellekson stated that the Finance Committee and LTD Board had discussions about debt financing. Debt financing was necessary because of the reduction in federal grant funds, and it allowed flexibility and maintained integrity of the cash flow. It allowed LTD to dedicate a steady, reliable stream of federal formula funds and leverage those funds to purchase buses and make facility improvements up front and pay for them over time. They are tangible assets, are attachable, and have a defined useful life of more than 10 years. Buses can be financed for 12 years and facilities for 20 years.

Full discussion of the Debt Policy would occur at the Finance Committee in May 2001 and at the LTD Board meeting in June 2001.

The proposal for FY 2001-02 was \$10 million for buses. The estimated issuance cost would be \$200,000. Current interest rates ranged between 4 to 5 percent. Debt service would not begin until FY 2002-03.

In response to a question from Mr. Rode, Ms. Hellekson stated that funding for previous bus purchases came from discretionary funds up until Senator Mark Hatfield retired. Since Hatfield's retirement, LTD has received a total of \$2 million for buses, which is a fraction of what was requested.

**BUDGET SUMMARY:** Ms. Hellekson reminded the Committee that three funds made up the budget. LTD was looking at a 4.6 percent reduction in total General Fund Resources. The reduction reflects the fact that LTD is carrying a Beginning Working Capital in excess of \$9 million and with a deliberate strategy to transfer \$4.2 million in reserves from the Operating Fund into the Capital Fund. Passenger Fares have been flat. Other Operating Revenues are federal funds that were used for operations, which is determined by need and not availability of funds. The proposed amount for Interest assumes that we can get the bond sale accomplished early in the fiscal year and continue to appropriately invest the funds until they are needed for the purchase of buses.

In review of the General Fund Obligations by performance group, Ms. Hellekson reminded the Committee that there was a new vision for providing services. Of the \$23.6 million proposed for operations next year, \$17.6 million was proposed for the Transportation Services group, which was the largest of the four performance groups. The rest of the groups had seen a modest increase in cost but most were reflected by cost of living. There was a substantial increase in Fleet Services' total expenses, part of which resulted from the union contract and the increase in fuel prices.

In regards to transfers and reserves, staff continued to anticipate transferring a substantial high amount to Special Transportation due to the fact that the State support to that service had been flat or declining but the demand had increased the cost. LTD had no choice but to fill that gap.

In previous years LTD has, to build up capital reserves, transferred between \$2 million to \$3 million per year to support the local match required for capital grants. LTD had also provided 100 percent to fund local projects, e.g., LCC Station, which was a joint project with LCC. It needed to be locally funded because LCC's money was locally funded. Ms. Hellekson did not anticipate sustaining the transfers to capital at the same level in the future. LTD was able to do so this year because of the \$4.2 million that was transferred earlier. Staff proposed a \$3 million transfer next year. After next year, there is no proposed transfer to capital.

The proposed budget for the General Fund total resources and obligations was \$31 million, which showed a 4.6 percent decline.

Ms. Hellekson referred the Committee to FY 2001-02 Proposed Budget sheet in the budget notebook to use as a reference for the budget. It gave a good overview of the entire budget.

Proposed changes in the budget were summarized. An additional 6.4 FTE would be added for personnel, which would be scattered throughout various departments. This was a budget increase over the current year of 10 percent. Fuel and utilities expenses showed an increase over current year of 10.5 percent. The budget showed no increase in advertising expense. The total operating budget showed an increase over current year of 9.5 percent. The non-operating budget showed a decrease from current year of 32.2 percent. The Special Transportation fund showed an increase in total budget of .4 percent, with an increase in General Fund transfer of 17.9 percent. The Capital Fund budget showed an increase over the pervious year of 27 percent. The total proposed appropriation for the three funds showed an increase of 11.8 percent.

Ms. Hellekson ended by thanking Carol James, Todd Lipkin, Steve Parrott, Susan Hekimoglu, and Chris Thrasher for their hard work during the budget process. She also gave the Committee a list of questions to consider during deliberations.

**COMMITTEE DISCUSSION:** Mr. Rode was concerned about the 9 percent increase in operations with only 1 percent increase in revenue. Ms. Hellekson stated that staff were looking at a rolling five-year plan and believed that the first three years were covered with a three-year turnaround plan. This budget was year one. She believed that staff could have been too optimistic the previous year.

Ms. Guard believed that the economy would be slow for the remainder of the year. In regards to payroll taxes, she believed the community would see a lot of layoffs; however, things should get better in 2002.

**MOTION  
VOTE**

**APPROVAL OF BUDGET:** Mr. Kleger moved, seconded by Ms. Lauritsen, that the LTD Budget Committee approve the proposed fiscal year 2001-02 budget as presented and forward it to the LTD Board of Directors for adoption. The motion was approved unanimously by acclamation.

**ADJOURNMENT:** Ms. Wylie thanked Mr. Rode for chairing the meetings. She also thanked staff. Ms. Lauritsen questioned the presentation process stating that she believed that the Committee was given a lot of detail regarding information not directly related to the budget. She would have preferred to concentrate on the budget process and not so much on the background detail. Ms. Wylie recommended that she work with the Board Finance Committee to evaluate the process and make recommendations to staff for next year's budget process.

There was no further discussion, and the meeting was adjourned at 8:35 p.m.

  
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Budget Committee Secretary