

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, January 16, 2002

Pursuant to notice given to *The Register-Guard* for publication on January 10, 2002, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held its regular monthly meeting on Wednesday, January 16, 2002, beginning at 5:30 p.m., in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: Gerry Gaydos
Dave Kleger, Treasurer
Virginia Lauritsen, Secretary
Hillary Wylie, President, presiding
Mark Pangborn, Acting General Manager
Jo Sullivan, Recording Secretary

Absent: Patricia Hocken
Robert Melnick
(one vacancy)
Ken Hamm, General Manager

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

PRELIMINARY REMARKS BY BOARD PRESIDENT/ADDITIONS TO AGENDA: Ms. Wylie added another Item for Action: Reappointment of Michael Bean to LTD Budget Committee. She also called attention to the Wackenhut publication, *Pipeline*, which had been handed out to Board members. It included an article about how LTD and Wackenhut security staff were helping some of LTD's guests with disabilities. Mr. Pangborn added that Wackenhut had just been hired to provide security at the current federal courthouse and at the new one, as well. This was to LTD's benefit, he said, because Wackenhut was expanding in the local area and would have a larger pool of trained personnel.

WORK SESSION ON CONSTRUCTION MANAGER/GENERAL CONTRACTOR METHOD OF CONSTRUCTION: Purchasing Administrator Jeanette Bailor explained that CM/GC was a project delivery method currently being used on the Autzen expansion project and being considered by LTD for future projects, especially bus rapid transit. She discussed elements outlined on a PowerPoint presentation. Reasons for using the CM/GC method included the ability to "fast track" the project by contracting with the general contractor before the design was fully developed and using the expertise of the contractor during design. Other reasons were that the owner, designer, and contractor would work as a single team and make decisions for the good of the project, and it allowed more flexibility and innovation in responding to changing situations, such as design development, site conditions during construction, and changing owner needs. In discussing the process, Ms. Bailor said Oregon Revised Statutes would require a public hearing for this type of construction contract because it would not be a low-bid selection process. The Board then would be asked to approve a resolution to allow LTD to proceed, and then staff would send out a request

for qualifications (RFQ) to find out information such as experience and references from interested contractors. A committee would be formed to evaluate the contractors' proposals and to prepare a short list of contractors, from whom more detailed information would be requested through a request for proposals (RFP). The committee would evaluate the proposals and make a decision based on qualifications and price. The initial contract would be for pre-construction services, followed by a construction contract that would be a cost-reimbursable, fixed-fee, Guaranteed Maximum Price contract.

Ms. Bailor also explained how the contract would work, including pre-construction services, construction services, cost control, and contingency. She said that the contractor would subcontract about 90 percent of the work but could choose to bid on any of those subcontracts, in which case LTD would open the bids and become more involved in the process.

Mr. Kleger asked if value engineering would fit with this process. Mr. Bailor replied that value engineering would be part of the process by the general contractor, and also a separate process. The separate process possibly could be abbreviated somewhat because so much would be done by the general contractor. Mr. Kleger also asked if Ms. Bailor foresaw any delays caused by people who did not like new processes. Ms. Bailor said that she did not anticipate any. Staff had talked with people at several public agencies in Eugene and Portland who had used the CM/GC process, and this had not been mentioned. Mr. Pangborn added that if legitimate problems arose in the field, LTD could call the partners together to solve the problems with the general contractor.

Ms. Wylie asked if the District would save more money over the long run with this method. Mr. Pangborn replied that the costs probably would be about the same, but the project likely would be completed more quickly, with a better product in the end.

Ms. Lauritsen asked about the savings if LTD were to be its own contractor rather than using the CM/GC method. Ms. Bailor replied that public agencies did not feel that they saved a lot of money with the CM/GC method, especially with projects like BRT where there were a lot of unknowns. The benefits were in the general contractor being involved much earlier in the process and buying into the project early on. Mr. Pangborn added that LTD had never acted as its own general contractor on any project of this size, and staff did not believe that they had the capability on staff to do so. Ms. Lauritsen said that this was done a lot in the utilities. Ms. Wylie asked Mr. Pangborn to talk to Mr. Hamm about considering this option.

Ms. Wylie said she also was concerned about the contingency fund. Ms. Bailor explained that LTD would have control over every expenditure from the contingency fund.

WORK SESSION—PRELIMINARY DISCUSSION ON FY 2002-03 PRICING PLAN: Andy Vobora of the Development Services Department explained that staff had been discussing pricing proposals with the Board Finance Committee and in some previous discussions with the Board. Staff now wanted to see if the Board had questions before the process went forward to public hearings and adoption. He discussed the proposed changes, shown on the chart on page 19 of the agenda packet, as well as the pricing history and five-year projections, shown on page 20 of the packet. He noted that LTD was in the upper third of peer group properties in bus pass pricing, as shown on page 22.

Ms. Wylie asked at what point the pricing would be high enough to cancel out the increased fare by losing riders. Mr. Vobora said that there was a point where pricing could become too

aggressive, but the price would have to be fairly high to get to that point. He referred to a chart of projected sales and revenues on page 21, showing projections that the pricing proposal would generate some additional revenues for the District. The actual amount of additional revenue would depend upon a number of conditions (final agreed-upon price with Lane Community College, how the public responded to the increases, etc.).

Ms. Wylie then asked if the cost of tokens available to some organizations in the low-income program would be increasing. Mr. Vobora explained that the cost to the organizations increased each time token prices changed. The organizations received a 50 percent discount on the current token price. He said that more than 40 agencies qualified for the program. Some bought small amounts of tokens, and some bought their maximum amount each month.

Mr. Vobora explained the relative discounts for fare instruments. Based on 40 trips per month, the cash fares were the base price, at zero discount; tokens provided a 20 percent discount; monthly passes 30 percent, and three-month passes 43 percent. He said that very few three-month passes were sold, other than youth passes.

Terry Parker, the Special Transportation Program administrator, then discussed the proposal for RideSource fares. She had discussed a consultant's report on RideSource services at the December 19, 2001, Board meeting, and now said that the consultant had recommended certain fare changes. The Special Transportation Advisory Committee (STAC) discussed those recommendations and had some difficulty making the same recommendation themselves, unless there also were more grouped trips to change people's riding behaviors. They also wanted the Board to consider an income-based reduced fare program for RideSource riders. This proposal had been discussed with LTD staff, who had some broader-based concerns about the impact a low-income RideSource program could have on fixed-route fares. There would be a fairly short time in which to accomplish this STAC suggestion and staff were not yet sure how much it would cost. For those reasons, she and other staff believed that LTD was not yet ready to follow this suggestion. The Advisory Committee members had received the fare proposal information from the January Board packet and would be discussing that the following week.

Mr. Gaydos asked about anticipated staff time or money spent in the grouping of rides. Ms. Parker explained that she would need to work with Special Mobility Services (SMS) staff to determine what rides could be grouped. This was a fairly intensive process because it was very detail-oriented with a lot of variables. More detail was needed about who went where, and when. Shopping trips from group residences were fairly easy to coordinate, but trips from other areas for other purposes would be more difficult and might not provide the hoped-for savings for the amount of effort they would take. Mr. Pangborn added that staff were not yet sure if the District could save money and how that much would be. RideSource costs were increasing, so the District needed to explore ways to reduce costs. This was the most obvious method suggested in the consultant's report. Mr. Pangborn said that LTD would try it, but it might be too labor-intensive to continue in the long term.

Mr. Gaydos asked if LTD could give other agencies the responsibility to do this grouping. Ms. Parker said that LTD and other agencies already were working together. LTD was hoping to shift some RideSource trips going to the senior center to the Willamalane bus, and determine a reasonable cost to pay Willamalane that still would save LTD money.

Ms. Wylie said she was thinking about the most severely economically affected riders, and wondered if there was some type of "scholarship" funding available for ticket books, for instance. Ms. Parker explained that social service agencies could pay for service at 55 percent of the full cost, and 40 percent of RideSource riders actually rode fare-free as a result.

Ms. Parker noted that the fare had increased in 25-cent increments in the past, and the current proposal was for a 50-cent increase. It seemed like a large increase, but actually would result in the same percentages of increase that Mr. Vobora had discussed for fixed-route service. Therefore, she thought there was a case for making this adjustment.

Mr. Kleger said he attended the STAC meetings and understood that the committee wanted to take a good look at low-income fares but did not want that to keep from getting to the two-times cash fare cost. He noted that incomes were not appreciating as fast as costs, and that was hitting harder the people where the margins were narrower. Ms. Wylie noted that some in the community did not understand that LTD also was losing revenues in hard economic times.

Mr. Kleger said he would like to see the Board support additional staff investigation into various strategies for an income-based adjustment, especially for RideSource and not for fixed-route services. He said he also would like to see if LTD could shift the administrative work to some other organization. He said that the committee had been doing some creative brainstorming in finding ways to start that journey, and he would like to see further study; since he thought this would prove politically necessary not too far in the future. Ms. Wylie agreed.

Ms. Parker said she had heard from the state that day that the cigarette tax revenues likely would be reduced by 8 percent next year, which would make LTD's General Fund costs for RideSource higher, resulting in lower income and increased expenses for the District. She would be sharing this information with the STAC, as well.

WORK SESSION—PRELIMINARY DISCUSSION ON FY 2002-03 ANNUAL ROUTE

REVIEW: Mr. Vobora explained that this was an initial, general discussion in preparation for more detailed discussions on a proposed service package to be held in February and March. The Board Finance Committee had discussed the Long-range Financial Plan and had new information about the deficit that had not been available at the Board's strategic planning retreat in January. The service planning staff had been directed to look at ways to make up a \$1 million deficit in the next fiscal year, to get back on the road to a balanced budget in a couple of years. He said that this might be only the first step in a two-year process to reach possibly as much as a 14 percent or 15 percent service reduction. Staff recommended doing this in steps, so that if the economy turned around fairly quickly and had improved after the first year, the District would not have made too deep of service cuts at one time. He said that staff wanted to touch bases with the Board on the background for the proposal and ask for any guidance for how to trim some services and meet the District's goals.

Mr. Vobora used a PowerPoint presentation to discuss several main issues, including frequency of service (as in the difference between 15- and 10-minute service); the span of service (shortening the length of time each day, which would result in savings in terms operator time, supervision, RideSource cutbacks, etc.); coverage; and days of operation. He explained that the District had what were considered "core routes," which typically ran the latest evening service. Staff were considering what would happen if these core routes became the Sunday package of service. There would be some savings, but would not have the impact of reducing weekday services.

Mr. Vobora showed a chart that staff would be using to evaluate specific changes, the impact on the bottom line, the estimated impact on ridership, and additional savings or costs for each reduction in service. For example, he said that cutting some routes would result in additional RideSource ridership, which would increase costs. Mr. Kleger also suggested a column for anticipated political backlash. He used the example of a care facility that moved to the outskirts of LTD's service area and already had increased the RideSource costs because those trips were no longer centralized. He thought this would provide a "heads-up" on sensitive issues. Ms. Wylie suggested labeling that column "impact" or something similar.

Mr. Gaydos said it also would be helpful to him to know how proposed changes would impact the 75 percent/25 percent productivity/coverage relationship. He was not on the Board when that ratio was discussed by the Board, so he would like to know the reality or the impact of suggestions, not just the numbers.

Mr. Gaydos also asked about rural service. Mr. Vobora said rural services basically were tied to lifeline service, and that lifeline and coverage were somewhat interchangeable terms. He said that the staff recommendation would be to leave rural service alone; some could not be trimmed any more and still have viable service, and revenues from those areas pretty much paid for that service.

Mr. Vobora informed the Board that LTD would be holding open houses at the Eugene Station on February 12 and February 28, when staff members would be available to talk about proposed changes with interested persons. Board members were invited to drop in at any time during the day. The Board was scheduled to hold a preliminary public hearing on February 20, and a final hearing on March 20. He said that staff would be gathering a lot of data, such as on/off counts, peak load times, etc., in order to better consider the impact of specific service reductions and possible other problems in the system.

Mr. Kleger asked if staff could consider cutting 10-minute service at some times of the day and keeping it during peak periods.

Ms. Lauritsen said she was not tied to the 75/25 ratio and was willing to reconsider it. She also suggested looking at examples of cutting frequency in service. Mr. Vobora said that this was a difficult discussion because ridership was high and what people wanted were increases in frequency and reductions in travel time. Ms. Lauritsen said she did not want to leave people without the ability to get to early morning jobs or back home again, and agreed that this would be a difficult decision.

Ms. Wylie asked staff to have more choices in terms of the savings of specific service changes, for discussion by the Board.

Mr. Vobora said that staff would be posting recommended service cuts on the LTD Web site and would send those to the Board, as well. Staff wanted riders to have as much information as possible before the first public hearing. Staff would then have some time for modifications to the proposal before the March 20 hearing.

Mr. Pangborn stated that given things as staff currently saw them, LTD might have the need to make the same level of cuts in the following year, for possibly \$2 million worth of cuts altogether.

Staff believed that this first-year proposal would get LTD where it needed to be without overshooting the mark if the economy recovered faster than expected. Whatever cuts had to be made would be painful, and staff did not want to do more than would be necessary.

The work session ended, and Ms. Wylie called a brief break at 6:43 p.m. She called the meeting back to order at 6:50 p.m.

EMPLOYEE OF THE MONTH: The Employee of the Month process had been delayed, so the February and March Employees of the Month both were to be introduced to the Board at the February 20, 2002, meeting.

AUDIENCE PARTICIPATION: Ms. Wylie opened the meeting for audience participation. Mr. Danny Bell of Bethel Drive in Eugene said he had lived there for ten years and wondered why they had no bus service. Mr. Vobora explained that staff had looked at the population of the area and it did not appear that it would be productive in terms of LTD's minimum standards for ridership. Additionally, there were some difficult turns in the area. Because the District was considering cutting service, this probably was not a time when service would be added to that area. Ms. Wylie added that it came down to how many people would ride the bus. Mr. Bell said that he had five children who had to walk six blocks and cross railroad tracks, and that Bethel Drive was not a good place to walk. He saw other people walking, as well, and said that he would be willing to go door-to-door to find out how many people would ride if service were offered. He commented that he paid taxes as an independent contractor, and it upset him to see service up to Blue River but none near his home. He agreed that the street had been in very bad shape, but said it had been improved. He hoped that LTD would consider his request when the economy was a little better. He wondered when he could present information if he did go door-to-door. Mr. Vobora invited him to attend the February 12 open house and make his comments to the staff there.

MOTION **CONSENT CALENDAR:** Mr. Kleger moved LTD Resolution No. 2002-001: "It is hereby resolved that the Consent Calendar for January 16, 2002, is approved as presented." Ms. Lauritsen seconded the motion. The Consent Calendar consisted of the minutes of the December 19, 2001, Regular Board Meeting. The motion carried by unanimous vote, 4 to 0, with Gaydos, Kleger, Lauritsen, and Wylie voting in favor, and none opposed.

VOTE

ELECTION OF BOARD VICE PRESIDENT: Ms. Wylie explained that former Board member Rob Bennett had been the Board's vice president. She said she would like to continue the balance of Springfield and Eugene officers and noted that it was unclear whether Mr. Kleger's term would continue and that Mr. Melnick's term would expire at the end of the current year. Ms. Lauritsen and Mr. Kleger currently were officers. Ms. Wylie had asked Mr. Gaydos if he would have the time to devote to the Board as vice president, and he said he would make the time. Ms. Lauritsen said she was not in favor of the practice of trying to balance officers between Eugene and Springfield, but thought that Mr. Gaydos would make a good vice president. She nominated him to complete the current term of LTD Board vice president, beginning immediately and ending July 2, 2002.

MOTION Mr. Kleger seconded the nomination, and Mr. Gaydos was elected by unanimous vote, 4 to 0, with Gaydos, Kleger, Lauritsen, and Wylie voting in favor, and none opposed.

VOTE

REAPPOINTMENT TO LTD BUDGET COMMITTEE: A Budget Committee nomination form had been handed out to Board members at the meeting. Ms. Wylie said that she had talked to Michael Bean about a second term on the Budget Committee and he was very interested in

MOTION continuing. Ms. Lauritsen moved LTD Resolution No. 2002-002: "It is hereby resolved that Michael Bean is reappointed to the LTD Budget Committee for a second three-year term, beginning immediately and ending January 1, 2005. Mr. Kleger seconded, and Mr. Bean was reappointed by unanimous vote, 4 to 0, with Gaydos, Kleger, Lauritsen, and Wylie voting in favor, and none opposed. Ms. Wylie noted that Mr. Kleger and Ms. Hocken would be making nominations to fill two additional expiring positions on the Budget Committee.

VOTE

SELECTION OF DATE FOR FEBRUARY WORK SESSION: Since Monday, February 18, was the Presidents' Day holiday, the Board members who were present selected Tuesday, February 19, 2002, as the date for the anticipated work session in February.

ITEMS FOR INFORMATION AT THIS MEETING

Board Member Reports: Metropolitan Policy Committee (MPC): The January MPC meeting had been canceled, so there was no report. BRT Steering Committee: Planning & Development Manager Stefano Viggiano was asked to report on this meeting. He reported that the only action taken at the meeting was to endorse the selection of the Coburg Road Corridor for the next Eugene Corridor, as the Eugene Planning Commission had recommended on a 6 to 1 vote. Mr. Viggiano distributed a paper titled "Next Steps for BRT – A Proposal from Lane Transit District." It was staff's proposal for BRT actions to be taken at the national level. The category on funding included proposals to improve the funding picture for BRT. The paper had been discussed with some other BRT properties around the country and there seemed to be some support for it. It was still a draft and would be discussed at the next BRT Committee meeting. Board members were invited to make any comments about the draft to Mr. Viggiano or Ms. Lynch.

Mr. Gaydos and Mr. Kleger called attention to two typing errors. Mr. Kleger said he liked the paper very much.

Mr. Gaydos said he had talked with Ms. Lynch about the fact that Don Kahle in a guest editorial in the *Register-Guard* had said, "do BRT right." Mr. Gaydos thought that LTD needed to jump on that and say that LTD wanted to do it right, and then have a paper like this one saying why the local governments would want to participate in funding the BRT project. He said that there would be some problems with both Pioneer Parkway and Coburg Road, and the cities would say that BRT would solve the problem without understanding the political or economic costs. He stated that the Cities and County had to be behind the project and believe in the funding. He thought that LTD needed to create the kind of enthusiasm that Washington County, Oregon, had in order to construct light rail there, and that Don Kahle's editorial gave LTD an opportunity to start talking about these points. He said that LTD needed to lead BRT, and that there was some support now. Ms. Wylie stated that the *Register-Guard* also had a very nice editorial recently, which helped call the community's attention to the issues and generally created community interest in talking with Board members. Mr. Pangborn noted that it was a dual agenda, at both the national and local level, and that these local contacts were very important.

Mr. Viggiano also said that it would be a good time to touch bases with the Eugene City Council members before they made a decision on the next corridor. Staff would be scheduling a series of one-on-one meetings with the Councilors, similar to meetings they had participated in before. The Eugene City Council decision was scheduled for February 25.

Statewide Livability Forum: Ms. Lauritsen said that the meetings were held every six months and she expected the next one to be in April.

Finance Committee Report: Ms. Lauritsen reported that the Board Finance Committee had discussed two issues. The first, she said, was an excellent capital projects summary showing that some projects now had no money allocated to them and that some were pushed farther out into the future. LTD still would be spending \$90 million over that period of time, and would have advance warning if money would not be received, so other cuts would have to be made. The second issue was that even with the operational cuts that were made the previous fall, the projections still showed future budgets in the red, which is why Mr. Vobora discussed service cuts. LTD's payroll tax revenues were projected at 98 percent of last year, while Tri-Met's receipts for the last payroll quarter were at 87 percent.

Monthly Financial Report: Finance Manager Diane Hellekson said that the next payroll revenues would be received in mid-February and would be discussed at the February 20 Board meeting, with the Long-range Financial Plan and the Capital Improvements Program. The budget showed a noticeable decrease in administrative wage expenses, which was expected after the staff cuts made in the fall. There was continued acceleration of ATU wages, so staff were working on future productivity improvements.

Ms. Hellekson said that the Board Finance Committee had been meeting monthly regarding the Long-range Financial Plan and the Capital Improvements Program, and would meet again before the February Board meeting, when the LRF and the CIP would come to the Board for review and decision. She said it would be essential to do this in February in preparation for the FY 2002-03 budget process.

General Manager's Report: Mr. Pangborn said that the Board would hear from Mr. Hamm and Fleet Services Manager Ron Berkshire at the February meeting about their research on European buses as possible BRT vehicles. They were very excited about the new technology and equipment they had seen so far. Mr. Pangborn noted that staff and Board members would attend the Springfield Chamber and Eugene Chamber annual dinners. He stated that the AVS buses were in service on the Breeze shuttle routes and were being painted a metallic blue to match the Breeze bus stop signs. Staff continued to work on a few mechanical problems and on resolving some accessibility issues. Mr. Kleger noted that he had heard very favorable comments about the AVS buses from people other than those with disabilities who were trying to get up the ramp on the bus. The buses were very quiet and seemed to be consistently working better.

Government Relations Report: Ms. Wylie asked Government Relations Manager Linda Lynch about the special session of the Oregon Legislature. Ms. Lynch said that a group of 15 legislators from both parties and both chambers had identified an \$839 million problem, with \$250 million in sustainable new revenue and \$100 million in suggested one-time revenue. They were working on preserving school funding, but at the price of other programs. There would be cuts in a huge array of state programs, and definitely would be an increase in "sin" taxes (tobacco and beer/wine). She explained that LTD still was expecting \$500,000 to be cut from the RideSource facility, but that funding could come in another year. This group of 15 legislators was trying to reach general agreement, and a lot of discussion was going on before the special session began. Additionally, the court ruling on the term limits issue was changing the dynamics of who would run for which offices.

Springfield Station Design Process: Springfield Station Project Manager Charlie Simmons reported that the Design Review Committee would hold its kick-off meeting on January 22. Staff had been working with WBGS on programming, and a design charrette would be held on January 28 and 29. Mr. Simmons said he hoped to bring back some of the results of the design charrette to the Board at the February meeting. He said that the project was moving ahead and that there were a lot of options on the table. Mr. Pangborn invited the Board members to drop by the design charrette, especially toward the end of the second day, when they could hear a summary of the two-day process. Mr. Kleger asked about a quorum if Board members attended. It was explained that since this was not an LTD Board meeting and was not a situation in which Board members would be deliberating toward a decision, it would not be a violation of the Oregon Public Meetings Law.

In response to a question from Ms. Lauritsen, Mr. Simmons said that staff hoped that one design could be finalized by mid-March, or no later than April. This would involve a lot of decisions, such as whether or not to include public restrooms.

Monthly Performance Report: Mr. Kleger asked about ridership statistics on page 71 of the agenda packet. He said it looked like there was a combination of increases and decreases in ridership, and asked how much was due to not being able to count transfers. Mr. Pangborn said that the previous year staff had tried to adjust for the change from transfers to the day pass, so it should not affect the current-year statistics. He pointed out that there appeared to be a reduction in weekend ridership because those riders were more cash-sensitive. Saturday and Sunday ridership numbers were down 5 percent and 11 percent, respectively, but weekday ridership had increased by 5 percent. Mr. Vobora noted that LCC ridership was extremely strong because of high enrollment and parking limitations. He said there probably would be some adjustments to the December report because there should have been the same number of days in the reports for December 2001 and 2000, but there was one day less in the current report.

Mr. Kleger asked why there was an increase in the number of lift-assisted rides. Mr. Vobora said that since the policy had changed to allow more lift-assisted rides, such as someone with a stroller, the numbers for lift-assisted rides were varying greatly.

ADJOURNMENT: There was no further discussion and the meeting was adjourned at 7:37 p.m.


Board Secretary

