

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

March 12, 2003

Pursuant to notice given to *The Register-Guard* for publication on March 9, 2003, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on March 12, 2003, at Lane Transit District, 3500 East 17th Avenue, Eugene.

Present: Pat Hocken, LTD Board Member
Gerry Gaydos, LTD Board Member
Virginia Lauritsen, LTD Board Member

I. CALL TO ORDER

Ms. Hocken called the meeting to order at 4:05 p.m.

II. ROLL CALL

Ms. Hocken noted that she and Mr. Gaydos were present. Also present were: Diane Hellekson, Carol James, Ken Hamm, Mark Pangborn, Stefano Viggiano, Andy Vobora, Terry Parker, Linda Lynch, Todd Lipkin (LTD staff).

III. APPROVAL OF MINUTES

Mr. Gaydos moved, seconded by Ms. Hocken, to approve the minutes of the February 4, 2003, meeting of the LTD Board of Directors Finance Committee. The motion passed unanimously.

(Ms. Lauritsen arrived)

IV. SPECIAL TRANSPORTATION FUNDING (STF)

Ms. Parker stated that if the May 2003 state forecast comes in under a certain threshold, Special Transportation revenue for the fourth quarter would not be distributed as planned but instead would be added to the state budget in order to balance the budget. LTD will operate on the assumption that we will lose fourth quarter funding this year.

Ms. Parker distributed a handout entitled "Revised Special Transportation Fund Allocations for FY03 & FY04." Staff are assuming an allocation of funds for next year at 50 percent of this year's allocation. There is a possibility that LTD could receive no allocation, which would eliminate the program. In looking at expenses for next year, the In-District fund shows a deficit; however, the Out-of-District (Oakridge and Florence) fund could carry the program for another year.

In terms of the Operating Fund, Ms. Hellekson stated that the LTD Board had given direction in November 2002 to stabilize the fund as much as possible. Staff believed LTD could continue with hold-the-line deficit spending for one more year while taking a hard look at the long-term options and priorities. Operating Fund reserves are adequate to cover the program for the next few years.

Loss of funding would eliminate Special Transportation subsidies. We are required by law to provide a certain level of ADA demand-response service. There are not a lot of opportunities to reduce those costs. Eliminating non-RideSource programs would shift ADA-qualified RideSource riders into more expensive programs.

Ms. Hocken asked if administrative costs were included in the projection. Ms. James stated that it just included contract dollars and did not include RideSource General Fund dollars.

Ms. Parker stated that in addition to the Special Transportation funding, LTD contributes to her salary and \$800,000 toward the RideSource program.

In response to a question from Ms. Hocken, Ms. Hellekson stated that we need up to \$344,000 to replace loss of the subsidy in addition to LTD's contribution of \$900,000.

Mr. Hamm asked if fixed-route service could be improved to gain efficiency for ADA service. Ms. Parker noted that fixed-route service constricts in the evenings and on the weekends. Although RideSource service is not constricted, evening and weekend service is a small part of RideSource service. RideSource has been very restrictive about making sure that everyone on the service is ADA eligible. Once other services start dropping out, those rides transfer to RideSource service.

Mr. Hamm stated that RideSource and other services related to serving the elderly and persons with disabilities have been managed well in this area.

Mr. Gaydos stated that the courts are struggling with mandates versus resources. If we run into a situation where the mandate without the resource was causing problems, it might be worthwhile to talk to counsel to construct argument. He also stated that it is important not to confuse the public by saying one thing then finding funds to rescue the program. He concluded by saying that he appreciated all that staff is doing to provide paratransit service to the community.

Ms. Hellekson stated that staff believed a one-year deal made sense since we are not sure we are going to lose the money yet. If we were to lose the money, we might have to cut fixed-route service but not demand-response service.

Ms. Parker noted that In-District services are federally mandated. Out-of-District services are not mandated. Fortunately, reserves were set aside to carry through for a while. This money was also used to match federal grants dollar for dollar.

Mr. Pangborn stated that LTD would immediately start planning for the future and may have to do a Comprehensive Service Redesign.

Ms. Hocken asked for conversations with the rural providers that would be affected. Ms. Parker noted that the executive committee of the Special Transportation Advisory Committee had already discussed the issue and the Out-of-District agencies would be informed soon.

Ms. Hocken summarized that the difference would be made up out of reserves. She asked if the reserves had been intended for use to build the new RideSource facility. Ms. Parker stated that the reserves were set aside for the capital program. She noted, however, that the rural programs were not due for new vehicles.

Ms. Hocken and Mr. Gaydos preferred to leave the Special Transportation reserves in place for In-District capital projects and make a bigger transfer from the General Fund.

Ms. Lauritsen expressed concern for subsequent years beyond Year One. Ms. Lynch stated that after the Legislative session is done, we will have a better sense for the next two years. She was surprised that the Legislature had gone after the cigarette tax, which funds the Special Transportation program. Ms. Hellekson stated that the plan would be revisited next September.

Ms. Lauritsen asked for staff to run parallel paths and give more detail.

V. GROUP PASS PRICING

Mr. Vobora stated that previous pricing plan discussions included a proposed group pass price increase of 3.65 percent for calendar year 2004. As requested by the Board at its February 2003 meeting, staff researched the potential revenue gain from an increase of this amount and determined a projection of only a \$9,000 increase. Staff recommended not making any changes in 2004. The Committee agreed. The full Board would discuss the issue at its next meeting.

VI. CAPITAL IMPROVEMENTS PROGRAM (CIP)

Ms. Hellekson reported that due to achieving transportation management area (TMA) status, \$1.5 million in additional funding was available for capital resources this year.

Selection, cost, and delivery timing of bus rapid transit (BRT) vehicles has not yet been made. Until uncertainties are resolved, the CIP continues to show \$6.6 million for six vehicles. Mr. Gaydos stated that the Board and the Board BRT Committee would be discussing BRT vehicles and recommended changing the amount to \$10 million. Ms. Hellekson noted that the vehicle choice was driving the BRT Phase 1 corridor decisions.

Springfield Station is proceeding with full funding due to a \$1.5 million funding gap being filled by borrowing local funds from other approved future projects.

Timing of the BRT Phase 1 project is uncertain. Mr. Pangborn estimated the total cost at \$17.1 million. Corridor design has stopped until a decision on the vehicle is made.

BRT Pioneer Parkway corridor buildout has been moved out to begin in Year 3 and is not yet funded. In response to a question from Ms. Hocken, Ms. Lynch stated that LTD was seeking funding through the reauthorization bill. Even if you were to go through the New Starts program, you would need to be an authorized project in the New Starts category. She believed the latest it would be funded would be in 2005. Adjustments could be made to the CIP if funding were available earlier. Mr. Viggiano noted that the BRT planning schedule was realistic with the CIP.

Ms. Hellekson stated that LTD has assumed 60/40 on federal to local match. The Bush administration is proposing a 50/50 match; however, there is resistance in the Legislature.

Mr. Hamm added that there is significant resistance in Washington, D.C., to do away with bus discretionary funding and to reduce the match levels for smaller areas.

Ms. Hellekson asked for approval from the Committee to take the CIP to the full Board.

Mr. Gaydos gave approval for the current plan but also asked to look at a plan that reflected a 50/50 match.

Ms. Hocken recommended making sure enough money is budgeted for the first year.

Ms. Hellekson stated that BRT Phase 1 is funded; however, anything past the current bus acquisition, BRT vehicle acquisition, and the Pioneer Parkway corridor is not fully funded.

Ms. James stated that the appropriation will reflect the total amount of the projects so that there will be enough appropriation for contracts. However, the appropriation will not match the first year numbers. Ms. Hellekson stated that the entire project would be appropriated then any remaining unexpended amount would be carried forward.

The Committee approved recommendation of the CIP to the full Board.

VII. LONG-RANGE FINANCIAL PLAN (LRFP)

Ms. Hellekson stated that the first five-year component of the plan has been revised to include the following changes from previously considered drafts:

- Reduction in assumed state support of special transportation programs of \$250,000 beginning in FY 2003-2004, following a fourth-quarter FY 2002-2003 loss of all support (\$145,960)
- No transfers from operations to capital in the next five years
- Slightly lower fare revenue in the base year, but the same modest fare growth as previously included

Ms. Hellekson noted that as shown in this five-year period, the General Fund does not balance. Her recommendation is for the full Board to approve the LRFP as a rolling plan.

In response to a question from Ms. Hocken, Ms. Hellekson stated that no payroll tax increases had been included, as well as recovery of the payroll tax money that was lost this year.

Ms. Hocken talked about the need for outreach to the business community regarding the proposed payroll tax increase. Although it is not stated in the bill, the Legislature would like the money to go toward increase in service.

Ms. Hellekson stated that the Board would see the full 20-year plan, which balances; is fiscally constrained, as required by law; and resumes transfers to capital six years out. The plan is based

on tight expenditure controls. Staff have identified a need to reduce Personnel Services expenses in Years 2-4, which could be obtained through the new ATU contract. Not included in the plan is any impact due to the start-up of BRT (e.g., fare increase, change in operating expenses). Mr. Viggiano believed that the overall impact to the budget for BRT Phase 1 would not be significant.

Mr. Hamm stated that the automated passenger counting (APC) system would give planning staff a different source of data to analyze productivity for different times of day and segments of routes. Ms. Hocken stated a need for a program similar to TriMet's performance improvement program (PIP).

Ms. Lauritsen believed expenses have been cut back as far as possible. She recommended "selling" service to get more people on the bus in order to make money. Ms. Hellekson agreed and added that the only other place to cut expenses is by further reducing fixed-route service, which would have a devastating effect on sales.

Ms. Hocken stated that riders pay for only 20 percent of the cost of service. Need to find additional capacity for these riders without additional cost.

The Committee approved recommendation of the LRFP to the full Board.

VIII. DEBT CALENDAR

Ms. Hellekson stated that the Bus Financing Debt Calendar, which was included in the agenda packet, had been revised due to timing issues around purchase of the buses. The new date for debt issue would be December 2003 instead of June 2003. She noted that interest rates have been decreasing.

IX. NEXT MEETING

Staff would arrange a meeting for early May.

X. ADJOURNMENT

There was no further discussion and the meeting adjourned at 5:08 p.m.

(Recorded by Chris Thrasher, Lane Transit District)