MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR MEETING

Wednesday, January 21, 2004

Pursuant to notice given to *The Register-Guard* for publication on January 16, 2004, 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 21, 2004, beginning at 4:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:	Hillary Wylie, President, presiding Susan Ban David Gant Gerry Gaydos, Vice President Dave Kleger Ken Hamm, General Manager Jo Sullivan, Clerk of the Board Lynn Taylor, Recording Secretary
Absent:	Pat Hocken, Secretary Virginia Lauritsen, Treasurer

CALL TO ORDER - Ms. Wylie called the meeting to order at 4:40 p.m.

ROLL CALL - General Manager Ken Hamm called the roll. Mr. Gant was not yet present.

PRELIMINARY REMARKS BY BOARD PRESIDENT – Ms. Wylie noted that Ms. Ban needed to leave the meeting at 7:15 p.m.

WORK SESSION

A. Executive Session – Ms Ban moved that the Board meet in executive session pursuant to ORS 192.660(1)(e), to conduct deliberations with persons designated by the governing body to negotiate real property transactions; ORS 192.660(1)(h), to consult with counsel concerning the legal rights and duties of a public body with regard to litigation or litigation likely to be filed, pursuant to ORS 192.660(1)(f), to consider records that are exempt by law from public inspection; and pursuant to ORS 40.225, lawyer-client privilege. Mr. Gaydos provided the second. On a vote of 4:0, the Board unanimously entered executive session at 4:42 p.m., and Mr. Gant arrived immediately thereafter. District Counsel Rohn Roberts and Land Appraiser John Brown were present for this discussion with the Board.

Return to Regular Session – Upon a motion by Mr. Kleger and seconding by Mr. Gaydos, the Board returned to open session at 5:20 p.m.

B. Long-Range Financial Plan – Assistant General Manager Mark Pangborn distributed supplemental materials that presented options for the District's updated Long-range Financial Plan. He said that the focus of the discussion would be the General Fund and the Capital Projects Fund, and the third fund, the Special Transportation Fund, which was funded in large part from the General Fund, also would be addressed at a later time. He said the decisions made about each fund were independent, but interrelated. He stated that an increase in the payroll tax rate, effective January 1, 2005, was included in each of the budget projections.

Ms. Wylie asked if a payroll tax rate increase had to go to the voters. Mr. Pangborn replied that it did not; however, voters could place an initiative petition on the ballot and therefore it was important to have an early and ongoing dialogue with the community prior to implementing any increase.

Mr. Pangborn said that budget projections included an annual expenditure growth rate of 4 percent, mostly attributable to increases in personnel costs. In response to a question from Ms. Ban, he said that personnel costs represented from 70 percent to 75 percent of the General Fund.

Mr. Pangborn said that fixed-route service levels were not sustainable under the current budget assumptions and would require a cut of $1.8 million. Of the $1.8 million, he said that 25 percent was administrative overhead and the remaining 75 percent was in service hours. He said that to avoid immediate substantial cuts in service, staff proposed balancing the budget over a two- or three-year period to allow time for a comprehensive service redesign.

Continuing, Mr. Pangborn said that projections included transfers from the General Fund to the Capital Projects Fund to provide the 20 percent local match for federal formula grant dollars. He said that it had been two years since a transfer was made from the General Fund to the Capital Projects Fund.

Ms. Wylie asked if it was possible to reduce full-time positions to part-time as employees retired. Mr. Hamm replied that when substantial cuts were made two years ago and service cuts were being considered, the union had expressed concern about lack of consultation, but did not realize that positions were kept vacant in order to cover the gap through attrition. He said that the union would be informed about possible budget-cutting strategies. He noted that part-time positions were guaranteed 30 hours per week and full benefits, so little savings would be realized by converting positions to part-time. Human Resources Director Mary Neidig cautioned that it was important to consult with the union in order to maintain a good working relationship. Mr. Pangborn commented that transit districts in Hawaii and Los Angeles had experienced major strikes over the same issue of lack of funds and trade-offs between increasing salaries and maintaining benefits.

Mr. Pangborn reviewed the assumptions used in all budget projections, including an increase in the payroll tax rate beginning in January 2005 and a favorable decision for LTD in the payroll tax dispute with Sacred Heart that would result in payment of back taxes and ongoing payments. He also reviewed graphs projecting LTD payroll tax receipts through 2012. He explained the three eight-year budget options presented on spreadsheets:

- Option 1 – Build the Pioneer Parkway corridor and the Coburg Road corridor, with full BRT build out. This option would require a transfer of between $1.2 million and $1.5 million to the

Capital Projects Fund each year and $1.8 million in cuts to operating expenses, and would draw down operating reserves through year 6.

- Option 2 – Build the Pioneer Parkway corridor and move the Coburg Road corridor or any other future BRT project outside the eight-year budget range. This option also would require a transfer of between $1.2 million and $1.5 million to the Capital Projects Fund each year and $1.8 million in cuts to operating expenses, but would balance the budget under current assumptions if the Pioneer Parkway project cost was close to estimates.
- Option 3 – Preserve the current level of service as inviolate; make no transfers to the Capital Projects Fund; and do not build the Pioneer Parkway corridor, the Coburg Road corridor, or other capital projects.

Ms. Wylie asked if the State was a source for match funds. Linda Lynch, Government Relations manager, replied that eventually approaching the Legislature might be a possibility. Mr. Pangborn agreed that those were the types of strategies LTD would need to explore, including possible use of County road funds for pieces of BRT. He said that staff were exploring the legal ramifications of these strategies in order to inform the Board.

Ms. Wylie asked what rate of growth for jobs in the community was used in the projections. Mr. Pangborn replied that the projected increases of two percent through four percent over the eight-year period combined the growth in salaries and the growth in the number of jobs, based on consultation with state economists.

Mr. Gant said his understanding was that a 24 percent reduction in fixed-route services was proposed between 2002 and 2005.

Mr. Kleger noted that the 24 percent cuts included those already made since 2002, as well as those projected through 2005.

Mr. Pangborn remarked that services were added aggressively in the 1990s, particularly in outlying areas, and the Breeze was also added, representing a 3 percent to 4 percent service addition.

Mr. Gaydos observed that of the 24 percent, some amount would be cut in a redesign of services that would not affect the overall system. Mr. Hamm said that 9 percent of the cuts already had been made during the past two years. Mr. Pangborn said that services were added in the most productive areas through extending routes and those areas would be examined to determine if productivity standards were met when identifying where cuts would be made. Mr. Hamm added that increases in service were not limited to geographic extensions, but also included extended service hours and frequency of service.

Andy Vobora, Service Planning and Marketing manager, reminded the Board that none of the budget options assumed growth in the fixed-route system. He said the system was not static and issues such as traffic and running time problems always would have to be addressed. He said if nothing was invested, the Board would have to reduce the current hours of service to provide revenue to fix problems.

Mr. Kleger commented that unavoidable costs were rising and revenue was not, traffic was getting heavier, ridership was not growing much, but travel time was getting more difficult to maintain. He said that unless funds could be found to address running time problems, the service would deteriorate. He said if capital investments were not made, the efficiency of the system would worsen.

Ms. Wylie remarked that some cuts could be made without hurting the system.

Based on his frequent ridership, Mr. Kleger said that trimming the budget over the past two years was beginning to show on the service line. He gave as an example the increase in service hours without an accompanying increase in maintenance hours.

Mr. Pangborn asked for feedback on the budget assumptions and options and direction to staff on how to proceed.

Mr. Gant asked how the figures were generated to estimate cost of the next leg of BRT. He said it was difficult to justify cuts to the fixed-route service while implementing BRT at the same time. He asked if it was possible to look at an option that made no cuts and then decide what LTD could afford to spend. He said it was difficult to compare fully building out BRT and not implementing it. Mr. Pangborn asked if the concern was how the $31.5 million for Pioneer Parkway was determined and what it would buy and if that figure was cut by one-half or one-quarter, what would that buy.

Mr. Gant said that it was hard to evaluate how reductions would diminish what was built and what the consequences were to the system.

Ms. Ban agreed with Mr. Gant and said the dilemma was how to evaluate the current fixed-route service; the criteria to determine what infrastructure was high priority, should BRT be implemented; and whether the future should be sacrificed for the present.

Mr. Gant said he needed a better sense of the value of fully built out BRT compared to BRT "lite."

Stefano Viggiano, director of Development Services, said the $31.5 million estimate was based on a preliminary design of the corridor. He said that the critical issue was whether to put in an exclusive right-of-way, which was a major expense. He said for half of the estimated cost, most of the other BRT features, such as signal priority, new stations, and level boarding, could be done. He said without exclusive right-of-way, the system would function, but eventually congestion would reach a point where the other features would not work anymore.

Ms. Wylie suggested that a presentation on BRT as a system might be helpful for some of the newer Board members.

Mr. Gant agreed it would be helpful to have a better idea of what LTD would get with BRT and what it would have to give up in order to obtain it, as well as the relative values of full BRT and BRT "lite."

Mr. Viggiano noted that Board direction was to pursue a complete BRT, rather than an incremental approach to building BRT. He agreed that a review of BRT issues would be useful.

Ms. Wylie said the Board's philosophy had been to operate a sound service system while building to meet transit needs for the future.

Ms. Ban said it was important to evaluate at what point erosion of the fixed-route system compromised the ability to build for the future.

Mr. Gaydos stated that it was necessary to initiate the payroll tax increase and that the expense growth assumption was reasonable. He said the Coburg Road corridor should be moved beyond the eight-year budget range. He thought the Pioneer Parkway corridor should proceed because of its importance to the TransPlan and nodal development. He added that the community was depending on BRT to resolve some of the traffic issues surrounding the proposed PeaceHealth development. He said it was essential to better understand the impact of decisions, including budget option 2, on the fixed-route service.

In response to a question from Mr. Gant, Mr. Pangborn said it was important to make a decision on the Pioneer Parkway corridor soon. Mr. Hamm noted that the trip generation of the proposed PeaceHealth facility meant that LTD would have some type of service at the door.

Ms. Ban added that synchronicity of the project and being there when the infrastructure was designed was critical to avoid the types of complications that a Coburg Road corridor would present.

Mr. Pangborn agreed that exclusive right-of-way was the crux of the issue. He said the hope was that the exclusive right-of-way property would have a value that could be donated to the project as part of the 20 percent local match.

Ms. Ban said another issue for the Board was how to make value judgments about fixed-route service and what criteria should be used to make decisions about critical routes, frequency, hours of service, and other issues. Mr. Pangborn said that discussion later in the meeting would be helpful in answering those questions.

BOARD CALENDARS – Ms. Wylie reviewed the calendar of Board activities. She asked if the March BRT Steering Committee could be moved to a date later in the week because most Board members were not available on March 2.

In response to a question from Ms. Wylie, Mr. Kleger reported that the Service Committee had met and reviewed the service reduction options that would be discussed during the Annual Route Review agenda item later in the meeting.

EMPLOYEE OF THE MONTH – Mr. Hamm announced that Bus Operator Gaylene Shrope, the February 2004 Employee of the Month, would be introduced to the Board at the next meeting.

AUDIENCE PARTICIPATION – Leslie Scott of Eugene, manager of the Oregon Country Fair, addressed the Board on the subject of charging special events the fully allocated rate for special services. She emphasized the 20-year community partnership shared by LTD and the Oregon Country Fair. She said that the Fair also was experiencing a decrease in participation and revenue and an exponential increase in direct costs. She stated that riding the bus to the Fair introduced new riders to the service and that LTD had reduced the impact of traffic in the area significantly by having 30 percent of the 45,000 to 50,000 attendees over a three-day period arrive by bus. She said that charging a fully allocated rate in 2004 would represent almost a 30 percent increase in cost in one year. She urged the Board to reconsider implementing such an increase all at once and consider a phased-in approach.

Ms. Wylie reviewed with Ms. Scott the rate increases from $47 per hour in 1995 to $88 per hour in 2004. Ms. Scott noted that the Fair represented more than 600 hours of service.

Ms. Ban asked if the Fair had considered reimbursement from attendees who had used the bus. Ms. Scott said there had been many conversations about that over the years and while there was resistance to the idea, the Fair acknowledged it would need to consider that option eventually. She added that the Fair was outside the standard LTD service area and therefore did not have the option to "buy the till."

IT Award – Steve Parrott, Information Technology manager, announced that LTD, at a recent Lane Council of Governments event, was presented an award as a participant in The Public Agency Network, which was a group of local government agencies formed to develop an improved communications network. Mr. Hamm remarked that Mr. Parrott's involvement with the communications improvement effort supported the Board's goal of innovative leadership in the community.

ITEMS FOR ACTION AT THIS MEETING

MOTION

A. Consent Calendar – Mr. Kleger moved adoption of LTD Board Resolution No. 2004-001: "It is hereby resolved that the Consent Calendar for January 21, 2004, is approved as presented." Mr. Gant provided the second. The Consent Calendar consisted of the minutes of the December 17, 2003, regular Board meeting.

VOTE The Consent Calendar was approved as follows:

AYES: Ban, Gant, Gaydos, Kleger, Wylie (5)
NAYS: None
ABSENTIONS: None
EXCUSED: Hocken, Lauritsen

B. Special Service Pricing – Mr. Vobora presented an overview of special service pricing and the proposal to charge all special events service at a fully allocated rate. He said the proposed change was prompted by the District's cuts in staffing and service and the increasing complexity of many special events. He indicated that a fully allocated rate for all special events would recognize the full cost of service implementation and overhead costs associated with the District's operations and result in an increase of $20 in the hourly rate for special events.

Mr. Gaydos asked if the possibility of a phased-in approach had been examined. Mr. Vobora said a phased-in approach was possible, but expenses would continue to increase and the special events rate still would be trying to catch up with expenses.

Ms. Ban expressed concern with the impact of the abrupt increase in the rate on some event organizers and suggested that a one-year phase-in would allow time for organizers to consider other approaches to paying for special events service. Mr. Vobora agreed that a phase-in would give organizers an opportunity to look at reimbursement options. He said that users of the special events service, from nonprofits to the University of Oregon Athletics Department, had expressed concern with the increased rate, but also noted that District personnel cuts required fewer staff to handle more tasks.

Mr. Kleger remarked that staffing shortages resulted in overtime pay or compensated time, both of which cost the District in terms of increased wages or staff unavailable for other work.

Mr. Hamm agreed that the Board was faced with a difficult business decision. He said that during years of double-digit growth and increased revenues, staffing was increased, and the District could afford to add service hours and special services that were substantially subsidized during that time. However, with declining revenues it was necessary to look at cuts in those services even though there were benefits to community from them. He said it was important to continue community partnerships established over long periods of time, but the Board needed to examine whether that should be at the expense of regular services or jobs.

Ms. Ban said that she viewed special events service not as an additional service, but part of the larger model of moving people out of their cars and onto transit. She added that there were strategies that could be used for larger community goals when the resources were available, but in tight financial times those should be reevaluated to hold the core services together.

Mr. Vobora said that with the Oregon Country Fair and other special events services, there was an opportunity to be more efficient and save some service hours through use of the larger articulated buses in the summer.

Mr. Gant supported the concept of a phased-in approach to the fully allocated rate, but no longer than a two-year period.

Mr. Kleger agreed with a phased-in approach, but thought the Board would fail to do due diligence to maintain the solvency of the District if the period was longer than two years. He said he did not want to see events, particularly the Oregon Country Fair, have to absorb the entire increase at once because many of the patrons of those events also were regular bus riders.

MOTION Mr. Kleger moved adoption of LTD Resolution 2004.002: "It is hereby resolved that the LTD Board of Directors approves the use of fully allocated cost pricing for all special event services provided by Lane Transit District and adopts the revised Special Service Policy as presented. This adjustment in special event fares shall be phased in over two years." Mr. Gaydos provided the second.

VOTE The resolution was approved as follows:

AYES: Ban, Gant, Gaydos, Kleger, Wylie (5)
NAYS: None
ABSENTIONS: None
EXCUSED: Hocken, Lauritsen

C. Group Pass Pricing – Mr. Vobora reviewed the proposed increase of 5.9 percent to the group pass pricing schedule. He said the Board Finance Committee recommended that the increase go into effect January 1, 2005. He noted that the increase was based on the three-year rolling average of District cost increases.

Ms. Ban remarked that the proposed increases seemed reasonable.

MOTION Ms. Ban moved adoption of LTD Resolution No. 2004-003: "It is hereby resolved that the LTD Board of Directors approves a 5.9 percent increase to the Group Pass pricing structure effective January 1, 2005." Mr. Kleger provided the second.

VOTE The resolution was approved as follows:
AYES: Ban, Gant, Gaydos, Kleger, Wylie (5)
NAYS: None
ABSENTIONS: None
EXCUSED: Hocken, Lauritsen

D. Selection of Legal Counsel to the Board – Mr. Pangborn explained that legal counsel to the District was provided on a contracted basis and the current contract with the firm of Arnold Gallagher Saydack Percell Roberts and Potter, P.C., was expiring. He explained that typically the contract would be put back out for bid, although that was not required by federal or state law for professional services contracts. He said that staff recommended extending the current contract for a period of two years based on satisfaction with the level of service, appropriate pricing, continuity of service, and policy and political considerations.

Ms. Wylie stated that she had been very pleased with the law firm and the work it had done for LTD. Because a number of crucial legal issues were ongoing, she saw no compelling reason to change firms.

In response to a question from Mr. Gant, Mr. Pangborn replied that the justification for extending the contract was documented in the agenda item summary.

MOTION Mr. Kleger moved adoption of LTD Resolution No. 2004-004: "It is hereby resolved that the LTD Board of Directors directs staff to extend the existing contract for legal services with the firm of Arnold Gallagher Saydack Percell Roberts and Potter, P.C., for a period of two years, February 26, 2004, through February 25, 2006, and to document for the record the reasons for the extension of this contract." Ms. Ban provided the second.

VOTE The resolution was approved as follows:
AYES: Ban, Gant, Gaydos, Kleger, Wylie (5)
NAYS: None
ABSENTIONS: None
EXCUSED: Hocken, Lauritsen

ITEMS FOR INFORMATION AT THIS MEETING

A. Current Activities

Prepare for Joint Meeting with Eugene City Council

Mr. Hamm distributed a memorandum dated January 21, 2004, providing information on individual meetings with Eugene City Councilors. He said the purpose of the individual meetings was to identify any interests or concerns that councilors might have in anticipation of the joint meeting with the LTD Board on February 23, 2004. He encouraged Board members to meet with councilors as soon as possible and provide feedback to staff so that an agenda reflecting issues of mutual interest could be prepared for the joint meeting.

Ms. Ban left the meeting at 7:15 p.m.

Board Member Reports

Metropolitan Policy Committee – Mr. Gaydos said the MPC continued to work on a public involvement plan.
Board Service Committee – Mr. Kleger said the committee had discussed issues that would be addressed later on the agenda under the 2004 Annual Route Review.
BRT Steering Committee and Board BRT Committee – There was no meeting.
Board Committee on Joint Development – There was no meeting.
Springfield Station Design Review Committee – There was no meeting.
Coburg Road Stakeholder Committee – There was no meeting.
Board Finance Committee – There was no meeting.
Board Human Resources Committee – There was no meeting.
Region 2050 Policy Advisory Committee – There was no meeting.
Statewide Livability Forum – There was no meeting.

2004 Annual Route Review/Service Plan Preliminary Discussion – Marketing and Planning Manager Andy Vobora related that the Board Service Committee had discussed a number of concepts from the perspective of productivity and coverage. He distributed a document entitled "2004 Annual Route Review – Service Reduction Options," which contained a "brainstorming" list of proposed cuts developed by the Service Advisory Committee composed of bus operators, Guest Service staff, Marketing and Planning staff, and Operations staff. He said the list represented a refinement of the spreadsheet of options contained in the agenda item summary to achieve a 3 percent service reduction that would not conflict with a redesign of service next year. He said the handout reflected cuts that were feasible based on Service Policy criteria: productivity of service, availability of alternative service, service to persons who were transit-dependent, and cost effectiveness of service. He described how the criteria applied to several of the proposed service reductions.

Ms. Wylie asked if a vanpool targeted to one or two employers might be an alternative for some of the proposed cuts. Mr. Vobora replied that LTD still would incur the cost of a driver if LTD provided the service, and typically employees preferred to drive themselves than participate in an employer-sponsored vanpool. Senior Service Planner Paul Zvonkovic said that an issue for many people was the time involved in using a vanpool.

Continuing, Mr. Vobora said that the multi-year budget anticipated a 3 percent reduction in services in the current year and possibly a larger reduction next year. He said that staff were asking the Board for feedback on what additional data or research would be useful to guide its decisions. He stated that the question was whether the allocation model of 75 percent productivity, 20 percent coverage, and 5 percent discretionary previously adopted by the Board to guide service redesign should be maintained or modified. Ms. Wylie suggested that the Board might want to review the allocation model. Mr. Gaydos and Mr. Kleger agreed with the suggestion to review the model because some members were not on the Board when it was adopted.

Mr. Vobora reported that results were coming in from surveys of guests, and staff would compile that data and provide it to the Board. He noted that initial results reflected a wide range of attitudes and opinions about transit service.

Ms. Wylie asked Mr. Vobora to provide the Board with information on each proposed cut that included alternatives available for the service to be cut and the hardship factor – who would be impacted by the cut and how.

Board members and staff discussed various efficiencies realized through the use of articulated buses.

Mr. Vobora announced that the service reductions would come to the Board as a formal proposal in February 2004, with a public hearing, and again in March for a second public hearing and adoption. He stated that the public outreach plan included two open houses, on February 5 and 26, 2004, at the Guest Service Center and comments would be taken at the LTD booth at the Springfield Business Expo at the Gateway Mall on February 7, 2004.

Mr. Kleger noted that the *Riders Digest* update effective February 1, 2004, contained information on the proposed cuts, open houses, and public hearings, and a feedback form.

2004 Federal Agenda – Ms. Lynch briefly reviewed the tentative agenda for the "United Front" trip to Washington, D.C., in March 2004 of representatives from LTD and local governments. She said the agenda represented a list of local projects and priority issues that would be presented to the Oregon congressional delegation and congressional and federal agency staff. She said the list was still subject to some revision, but was probably 90 percent accurate. Ms. Wylie stated that Mr. Gaydos, Mr. Hamm, and Ms. Lynch would represent LTD.

General Manager's Report – There were no questions.

Monthly Financial Report – There were no question.

BRT Update – Purchasing Manager Jeanette Bailor reported on a recent trip to Winnipeg, Manitoba, to meet with representatives of New Flyer regarding the new BRT vehicles. She said that representatives from Greater Cleveland Transit Authority, which also was involved in a BRT project and purchasing vehicles similar to LTD's, participated in the trip as well. She indicated that discussions did not result in a final vehicle price for either transit district, but did result in a good understanding of how price would be determined. She said margin and profit costs were agreed upon and would not be charged on research and development. She added that agreement was reached on most of the material costs and staff were awaiting revised research and development figures to resolve outstanding issues. She said the schedule of June 2006 for final delivery was still firm, with prototypes available in early 2005.

Springfield Station Update – There were no questions.

B. Monthly Department Reports – Ms. Neidig remarked that she had attended a monthly meeting of Human Resource directors from around Lane County with about 100 people in attendance. She said MaryLee Turner, director of the Oregon Commission for the Blind, was the guest speaker and her remarks were highly complimentary about LTD's services. She said Ms. Turner told the group that LTD was the first transit district in the nation to provide 100 percent lift-equipped vehicles long before the Americans with Disabilities Act was law and suggested that employers should give all new employees a packet of bus tokens and be able to tell employees and customers how to use the transit system to get to their businesses.

C. Monthly Performance Reports – Mr. Kleger pointed out a change in the format of the performance report on the Ride*Source* program. He said the report followed the pattern that was used in the fixed-route system so that information could be provided in a more consistent manner. He noted that the large number of ride reservation cancellations in December 2003 were a consequence of the snowstorm and that similar results would appear in the January 2004 report due to a second snowstorm.

ADJOURNMENT

The meeting adjourned at 7:50 p.m.

Pat Hocken

Board Secretary

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