

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL MEETING

Tuesday, March 29, 2005

Pursuant to notice given to *The Register-Guard* for publication on March 10 and March 24, 2005, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a special Board meeting on Tuesday, March 29, 2005, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Gerry Gaydos, President, presiding
Susan Ban, Vice President
Debbie Davis
Mike Eyster
David Gant, Secretary
Dave Kleger, Treasurer
Ken Hamm, General Manager
Jo Sullivan, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: Dean Kortge

CALL TO ORDER – Mr. Gaydos called the meeting to order at 5:35 p.m.

ROLL CALL – General Manager Ken Hamm called the roll.

ANNOUNCEMENTS AND ADDITIONS TO AGENDA – Mr. Gaydos announced that the subject of the Oregon Country Fair would be added to the work session and hoped for a more in-depth discussion of the topic at the Board's strategic planning work session on April 14 and 15, 2005.

WORK SESSION

Eugene/Springfield Economic Performance – Government Relations Manager Linda Lynch introduced economist Joseph Cortright to present objective data on Eugene-Springfield economic performance to help frame the Board's budget discussions at its April strategic planning session.

Mr. Cortright said he had undertaken a review of the recent economic performance of Lane County and would attempt to provide a picture of the current economy and diagnostic of its health. He discussed the series of charts included in his March 16, 2005, memorandum to the Board, pointing out that no one indicator was definitive, so should be considered as part of a pattern or trend. He pointed out a modest decline in employment over the last three years in Lane County, with an increase in the past year. In order to account for variability in monthly data, employment trends were identified by comparing each month to the same month in the previous year. He indicated that employment statistics were derived from payroll information and from household surveys conducted by the Bureau of Labor Statistics; the difference was that payroll

data counted each person only once and the household employment survey was a count of the number of jobs in the community.

In response to a question from Mr. Gant, Mr. Cortright said that the term "recovery" had a rigorous definition at the national level based on being an upward trend, regardless of whether a previous level was reached. He noted that Lane County's employment level at the end of 2004 was approximately 1,500 jobs below the peak average level of employment in 2000. He said that historically Lane County had a more volatile economy than the rest of the state but in the recent recession had experienced a less serious downturn than other areas. He said the current unemployment rate was slightly over 6 percent.

Continuing, Mr. Cortright discussed specific components of the economy, including the traded sector that consisted of businesses that sold goods and services outside of the region, and the local sector. He said that there was more volatility in the traded sector and the local sector was driven by the local spending power of individuals; health of the traded sector played an important role in determining whether the economy was growing. He said that in terms of looking forward in the Oregon economy, withholding-tax information provided a picture of wage levels on a current basis. He illustrated the rapid increase in withholding taxes during the 1990s, a decline during the recession, and a recovery in 2004 and into 2005. He estimated that employment would continue to grow but not at the same level as in the 1990s. He addressed concerns that the Lane County economy was "propped up" by short-term events such as construction activities by illustrating that growth trends were unchanged when construction employment data was not used.

Mr. Kleger observed that compensation per job was lower since the recession. Mr. Cortright replied that most job growth had been in lower-wage industries, which was a common pattern for recessions. He referred to the chart of withholding taxes, which measured aggregate wages, and noted that real wages in Oregon were growing at approximately 4 ½ percent.

Mr. Gant asked if Oregon's higher minimum wage was a factor in the economy's recovery. Mr. Cortright replied that the minimum wage was not a major factor at the aggregate level of the economy. He said that the minimum wage had an influence on companies because it forced them to require a higher level of productivity from workers.

Mr. Gaydos said that the information would be helpful to the Board during its discussion of the payroll tax because of statutory language related to changing it.

Referring to statutory language, Mr. Gant asked if there was a benchmark or baseline that related to a determination of recovery from a particular level or point in time, such as enactment of the legislation. Ms. Lynch said it was up to the Board to determine the definition of recovery as the statute only required the Board to make a finding of economic recovery without specifying when or how that should occur.

Responding to a question from Ms. Ban regarding the partial recovery in 2003, Mr. Cortright said that variability in the regional economy, seasonal factors, and the smaller number of jobs meant that one or two employers would have a greater impact on Lane County than on the state as a whole.

Oregon Country Fair – Marketing and Communications Director Andy Vobora referred to a March 23, 2005, letter to the Board from the Oregon Country Fair requesting reconsideration of imposing a fully allocated cost on the use of LTD buses to provide transportation to the Fair. He said the District had moved to adopt a fully allocated cost model for event services. He indicated that Federal Transit Administration (FTA) regulations prohibited charter service, which was defined as closed-door service for a specific group and not open to the public. He said that auditors were concerned about event services such as those provided to the Fair but had been convinced that they were not charters, but community event services that had a published schedule and were open to anyone. He said that over time the resources required for event services had dramatically increased, while at the same time staff had been cut. He said that community event rates as previously determined no longer recovered all of the costs and a fully allocated rate was phased in with some customers having paid that rate for several years. He said there were different approaches in other districts, including charging a premium rate for event services to riders instead of event organizers. He agreed that it would be appropriate for the Board to have a thorough discussion of event services rates.

Mr. Kleger asked what percentage of LTD staff worked extra days or hours to provide event service. Mr. Vobora said that information could be provided at the Board strategic planning session. He said that event services were labor intensive, but variable pricing on an event-by-event basis might be possible.

Mr. Kleger wondered whether problems with the FTA could occur if it appeared that tax dollars were subsidizing event services. Mr. Vobora reiterated that the FTA's concern was with LTD competing with private businesses that provided charter-type services. He said that LTD would need to defend event services to the local business if those services were not entirely self-sustaining.

Ms. Ban encouraged the Board to take a problem-solving approach to event services so that both the District's and event organizers' needs were met.

Mr. Hamm reminded the Board that the policy had shifted as a result of the recession two years ago and cuts to services and routes in the regular system had prompted the move to a fully-allocated cost model for event services. He said that the policy shift had eliminated some of the smaller events.

Mr. Kleger asked if private sector transportation providers could offer an accessible service. Mr. Vobora said that some providers could offer accessibility, but none at a level approaching LTD's.

EMPLOYEE OF THE MONTH - General Ledger/Grant Accountant Todd Lipkin introduced April 2005 Employee of the Month Rebecca Schmitt. He said that Ms. Schmitt, an accounting assistant in the Finance Department, was an outstanding employee who consistently looked for new challenges and ways to help others.

Ms. Schmitt thanked the Board for her award and thanked the unknown co-worker who had nominated her.

AUDIENCE PARTICIPATION – (1) Barbara Sherman stressed the importance of informing riders about potential changes in a route. She said the Board should hold a meeting with riders to

obtain their input at a time and place where they could easily attend instead of the LTD administrative offices. She also suggested that LTD could hire someone to distribute information flyers on the bus and at the station detailing the proposed changes and providing space for a response.

(2) Leslie Scott, general manager of the Oregon Country Fair, asked the Board to help determine what would be a fair and justifiable rate based on the true costs of the Country Fair shuttle instead of the fully allocated cost. She said the fully allocated rate represented a 57 percent increase in the Fair's costs over the past three years and, combined with the loss of the 20 percent community service discount, was no longer affordable for the Fair. She did not feel that the additional cost was justified as the dates and hours of service had not changed over the years. She urged the Board to reconsider charging a fully allocated cost to the Fair and maintain the 25-year partnership between the Fair and LTD. In response to a question from Mr. Gaydos, she said that a partial run of marketing materials for the Fair could be done as scheduled and the remainder of the printing done following the Board's discussion at its April 14 and 15, 2005, strategic planning work session.

(3) Kathleen Brandt of Eugene said that she rode the #76 bus to work and the #22 bus for leisure. She thanked the Board for its reconsideration of changes to the routes and said it appeared that ridership was increasing. Her daughter, Natalie, also thanked the Board for not cutting services on those routes.

(4) Josephine Co of Eugene said that as a University of Oregon staff member she rode the #76 bus year-round and supported the continuation of that route. She thanked the Board for adding two new stops and said that efforts were underway to increase ridership by talking to residents along the route and urging them to use the service.

(5) Chris Phillips of Eugene asked the Board to approve the staff recommendation to preserve service on the City View Street and 28th Avenue loop on route #76. He offered suggestions for increasing ridership on the loop, including recruiting riders in the Prospect Park apartment complex and mailing to households along the route vouchers for a free day pass to encourage people to try the service. He said the pass could be valid when presented at a stop along the route. He thanked the Board for preserving his service.

(6) Julian Buck of Eugene said he lived on the #76 route and thanked LTD for the recommendation to preserve service. He stated he would try to increase his ridership and would work with others to increase ridership. He also thanked the Board for a quick resolution to the transit strike.

ITEMS FOR ACTION AT THIS MEETING

MOTION A. Consent Calendar – Mr. Kleger moved adoption of LTD Board Resolution No. 2005-004: "It is hereby resolved that the Consent Calendar for March 29, 2005, is approved as presented." Mr. Eyster provided the second. The Consent Calendar consisted of the minutes of the February 7, 2005, special Board meeting; February 8, 2005, special Board meeting; February 16, 2005, regular Board meeting; March 3, 2005, special Board meeting; March 12, 2005, emergency Board meeting; and March 14, 2005, special Board meeting.

Ms. Ban pointed out a correction in the third paragraph on page 7 of the February 8, 2005, minutes. She said the phrase "approval in concept of" should be added so that the third-to-last sentence in that paragraph read, "She said that the Board had been asked for *approval in concept of several portfolios of benefits . . .*"

VOTE The corrected Consent Calendar was approved as follows:
 AYES: Ban, Davis, Eyster, Gant, Gaydos, Kleger (6)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Kortge

B. Annual Route Review—2005 Service Proposal – Director of Development Services Stefano Viggiano briefly reviewed the proposed changes that had received no comments from the public. He said that staff had initially considered changes to service coming in from River Road by operating on 6th Avenue and 7th Avenue instead of 1st Avenue and while that could be part of a more comprehensive look at the River Road area in the future, the recommendation was to defer those changes for a year. He described the recommendations for routes #22 and #76, which had generated the majority of public comment. He illustrated the routes and recommendations on a map and said that staff had taken to heart comments from the neighborhood that LTD had not promoted ridership. He said that staff recommended working with the neighborhood group to increase ridership on the last trip to achieve the productivity target during the next year.

Mr. Kleger asked if there would be a recommendation to eliminate summer services on the #76 route. Mr. Viggiano said that ridership would be evaluated during the coming summer and separate ridership targets would be set for the summer and school year. He said discontinuation of summer service was a separate decision.

Continuing, Mr. Viggiano illustrated the extent of the #18 and #19 routes and indicated that the low ridership on the Fairview loop had prompted the original proposal to eliminate that loop. However, public comments, particularly those received during a meeting in the impacted neighborhood, had resulted in changes to the recommendation.

Mr. Eyster agreed that the Fairview neighbors had made a compelling case to retain service.

Mr. Viggiano recapitulated comments made during public testimony and said the revised recommendation was to retain the service without changes. He said that staff would explore options to minimize the amount of service while still providing a lifeline service for possible recommendation next year as part of a service redesign in the area. In summary, he said that staff recommendations, if approved, would result in a slightly more than half of a percent service increase.

Mr. Kleger commented that he was concerned about having to make a decision to cut service where it was well used to pay for continuing service where it was not well used. He urged the staff to pursue all efforts to increase ridership on lightly-used routes. He observed that a bus with few riders was a political problem for LTD because of the public perception of inefficiency.

Mr. Eyster stated that he was encouraged with the plan to continue service for a year while considering options for a major route overhaul that could accommodate needs and result in greater efficiencies.

Mr. Viggiano reported that staff recently had discussed the possibility of RideSource service through the area and would conduct a cost/benefit analysis of options.

MOTION Mr. Kleger moved adoption of LTD Board Resolution 2005-005: "It is hereby resolved that the LTD Board of Directors approves the Fiscal Year 2005-06 service recommendation as presented on March 29, 2005, and as shown on the 2005 Annual Route Review Service Adjustment Proposal." Mr. Gant provided the second.

VOTE The motion was approved as follows:
 AYES: Ban, Davis, Eyster, Gant, Gaydos, Kleger (6)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Kortge

C. Public Transit Division Discretionary Grant Applications – Accessible Services Manager Terry Parker related that the Oregon Department of Transportation (ODOT) administered a pool of state and federal funds for which grant applications could be submitted. She said that LTD's Special Transportation Advisory Committee reviewed and ranked all projects from Lane County, and a consolidated application that reflected state and local priorities was submitted. She indicated that the consolidated application received additional points for coordination at the local level that would maximize use of resources. She reviewed the list of priority-ranked projects included in the agenda packet and noted that, in addition to those projects, grant funding was being requested for a replacement mass transit vehicle and for the Diamond Express that provided rural intercity services. She emphasized that the grant funds being requested represented only a part of the overall funding picture for services.

Mr. Eyster asked if LTD's application was competing with other districts for funding and how successful it might be. Ms. Parker replied that historically LTD's applications had been very successful because of the viability of the projects proposed for funding and the practical, conservative approach to identifying financial need.

Mr. Kleger said that LTD provided a model for the rest of the state for a coordinated approach and had been very successful in obtaining funding for the entire life of the grant program. He commended the advisory committee for its work on priority decisions.

Public Hearing: Mr. Gaydos opened the public hearing on the consolidated grant application. There being no one wishing to speak, Mr. Gaydos closed the public hearing.

MOTION Mr. Eyster moved adoption of LTD Board Resolution 2005-006: "It is hereby resolved that the LTD Board of Directors approves the LTD Public Transit Discretionary Consolidated Grant Application for FY 2006 and FY 2007 and authorizes the general manager to submit applications to the Oregon Department of Transportation Public Transit Division." Ms. Ban provided the second.

Ms. Ban commended Ms. Parker on behalf of the Board for a good grant application package.

VOTE

The motion was approved as follows:

AYES: Ban, Davis, Eyster, Gant, Gaydos, Kleger (6)

NAYS: None

ABSENTIONS: None

EXCUSED: Kortge

D. Capital Improvements Program – Director of Finance & Information Technology Diane Hellekson presented the spreadsheet of Capital Improvements Program (CIP) capital projects. She explained that the CIP was a rolling eight-year plan that was reviewed and updated annually. She highlighted changes in the latest version of the plan and noted that bus rapid transit (BRT) continued to dominate the plan. She said that previously, for purposes of cost containment and cost deferral, the third BRT corridor had been pushed beyond the eight-year window and it was now in the eighth year of the current plan. She related that a separate category of progressive corridor enhancement had been added based on the Board's direction and reflected a regular, consistent investment in small improvements in the fixed-route system other than BRT corridors. She commented that revenue vehicles would continue to be a major investment as the fleet was routinely updated. She drew attention to a \$1 million placeholder for the River Road station for improvements to address a number of operating problems.

In response to a question from Mr. Eyster, Ms. Hellekson said the total cost of the Springfield station was slightly over \$7 million, with most of the funds spent in prior fiscal years. Mr. Hamm added that smaller transfer stations in outlying areas were shelter-type facilities and costs for those stations were substantially lower. Ms. Hellekson commented that the District did not own most of the transfer station properties.

Continuing, Ms. Hellekson said that the CIP was funded except for the second and third BRT corridors. She said that the required match for the second corridor had been budgeted but that amount was likely to change as costs shifted upward. She drew attention to the capital match required over the life of the plan.

Mr. Gant asked if previous plans were reviewed to compare the estimated costs of BRT eight years ago with the current costs. Ms. Hellekson said that information could be available at the Board strategic planning session and include any changes in the scope of projects to provide context.

Mr. Kleger observed that the long-range projections in the CIP were extremely helpful to the Board and thanked staff for their efforts. Ms. Hellekson acknowledged Finance Manager Carol James as the author of the plan.

MOTION

Ms. Ban moved adoption of LTD Board Resolution 2005-007: "It is hereby resolved that the proposed Capital Improvements Program for fiscal years 2005-2006 through 2009-2010 is approved as presented." Mr. Kleger provided the second. Mr. Gant requested a roll call vote.

Mr. Kleger observed that it was never easy to make a choice between present service and future service, but for years he had seen the present service decay because the community was growing quickly and it was critical to get buses out of the stream of traffic or they would lose effectiveness.

Mr. Gant stated his opposition to BRT.

Ms. Hellekson pointed out a typographical error in the resolution; the final year of the CIP was 2009-2010 instead of 2009-20010. Mr. Gaydos noted the correction was accepted by the maker and second of the motion.

VOTE

The motion was approved as follows:

AYES: Ban, Davis, Eyster, Gaydos, Kleger (5)

NAYS: Gant (1)

ABSECTIONS: None

EXCUSED: Kortge

E. Group Pass Pricing Adjustment – Mr. Vobora stated that a 2.9 percent increase in group pass contract rates, consistent with the three-year rolling average of operating costs for the District, was recommended, with the increase to be effective January 1, 2006. He suggested the Board might wish to review the policy that required an increase as the costs were a concern to some agencies and organizations.

Mr. Eyster agreed that a more predictable approach that applied a smoothing technique to the rate increase could be beneficial to group pass users. Ms. Ban agreed with the suggestion. Ms. Hellekson noted that in the past the Board had voted to take less than the allowable increase because the fluctuations in rate increases were so volatile.

Mr. Gant said the current method was too volatile for him to support the recommendation and he was interested in discussing a better approach to group pass rate increases.

MOTION

Mr. Eyster moved adoption of LTD Board Resolution 2005-008: "Resolved, that the LTD Board of Directors approves a 2.9 percent group pass rate increase for calendar year 2006, effective January 1, 2006." Ms. Ban provided the second.

VOTE

The motion was approved as follows:

AYES: Ban, Davis, Eyster, Gaydos, Kleger (5)

NAYS: Gant (1)

ABSECTIONS: None

EXCUSED: Kortge

F. Over-80 Pass Program Change – Mr. Vobora related the history of the over-80 pass program and said that staff had identified an opportunity to increase ridership by lowering the age requirement to 70. He said the District was well positioned to make the change and the community would receive it enthusiastically.

Mr. Eyster commended the staff for creative thinking.

Ms. Ban was pleased with the opportunity to move people from cars to buses at an earlier age.

Mr. Gant asked if staff had conducted an analysis of the cost/benefit of free fares relative to RideSource. Mr. Vobora said that more data gathering would be required as LTD's current surveys did not break down age groups that finitely. Ms. Parker commented that statistics indicated that 80 percent of RideSource riders were elderly and 75 tended to be the age when

mobility issues arose. She said that 70 was an age at which people could more readily learn new skills and a good point at which to introduce them to using transit.

Mr. Kleger said his impression was that there were few senior riders on the fixed-route service and that the proposal could encourage increased ridership. Mr. Vobora said that targeted mailings would be made to senior centers and facilities about the program and offering training on use of the system.

Mr. Gant asked if other districts offered a similar program. Mr. Vobora replied that he had not heard of any other districts offering a free pass program such as this one.

MOTION Mr. Gant moved adoption of LTD Board Resolution 2005-009: "Resolved, that the LTD Board of Directors approves a reduction in the age requirement from 80 years of age to 70 years of age as a requirement to receive a free lifetime pass, effective May 1, 2005." Ms. Davis provided the second.

VOTE The motion was approved as follows:
 AYES: Ban, Davis, Eyster, Gant, Gaydos, Kleger (6)
 NAYS: None
 ABSENTIONS: None
 EXCUSED: Kortge

ITEMS FOR INFORMATION AT THIS MEETING

A. Current Activities

General Manager's Report – Mr. Hamm drew the Board's attention to the calendar. He said there would be no work session on April 11 because of the strategic planning sessions scheduled on April 14 and 15, 2005. He said there would be a regular Board meeting on April 20, 2005, and reminded members to let staff know if they were interested in attending the American Public Transportation Association bus expo and conference in September 2005.

Mr. Hamm announced that an employment offer had been made to Sam Marra, who would fill the director of maintenance position vacated when Ron Berkshire retired. He said that Mr. Marra had accepted the position and would begin his employment on April 25, 2005.

Mr. Kleger remarked it was a pleasure to participate in the interviews of so many highly qualified applicants.

Mr. Hamm noted that a number of Maintenance Department employees had participated in the interviews and were pleased with Mr. Marra's acceptance. He also thanked Director of Human Resources and Risk Management Mary Neidig and Senior HR Analyst David Collier for their assistance with the selection process.

Monthly Financial Report – Ms. Hellekson reported that a briefing for the non-Board members of the Budget Committee was scheduled for April 5, 2005, at 5:30 p.m. and invited Mr. Eyster and Ms. Davis to attend as well, since they were relatively new Board members.

Reviewing the financial report, Ms. Hellekson remarked that the strike would have an impact on the report's year-to-year comparisons from this point forward. She said that payroll tax revenues had increased substantially more than anticipated in February 2005 and fuel costs continued to be bad news, with prices consistently above \$2 per gallon. She said the estimates would be revised upwards and along with new labor costs would have a significant impact on the new Long-Range Financial Plan.

Ms. Hellekson said the triennial review was scheduled for June 2005.

Ms. Ban asked what fuel costs were projected to be in the coming year. Ms. Hellekson said that an average of \$2 per gallon was projected.

Financial Management Oversight (FMO) Review – Ms. Hellekson said that the review was conducted randomly by FTA and consisted of an intensive scrutiny of a district's financial management practices. She said that four reportable conditions identified were not material and easily resolved during the review. She said that the auditors had indicated that the LTD FMO review was the cleanest they had ever conducted.

ADJOURNMENT: The meeting adjourned at 8 p.m.


Board Secretary

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