

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

January 12, 2006

Pursuant to notice given to *The Register-Guard* for publication on January 8, 2006, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 7:30 a.m. on January 12, 2006, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Debbie Davis, David Gant, Dean Kortge

CALL TO ORDER – Mr. Kortge called the meeting to order at 7:30 a.m.

ROLL CALL – It was noted that all members of the committee were present. The following LTD staff also were present: Diane Hellekson, Ken Hamm, Carol James, Andy Vobora, Todd Lipkin, Mark Pangborn, and Linda Lynch.

MINUTES – The minutes of the October 25, 2005, and November 8, 2005, meetings were approved unanimously.

FARE POLICY & PRICING PLAN – The Committee reviewed a number of changes (indicated in bold) that were made to the Fare Policy, which was included in the agenda packet. If approved, the Fare Policy would be presented to the full Board on January 18, 2006.

In regards to Group Pass pricing, Mr. Vobora, director of marketing and communications, stated that a survey was distributed to a number of the larger Group Pass participants, but not a lot of response was received. There was no reaction to a biannual price increase.

The Associated Students of the University of Oregon (ASUO) and LTD are negotiating their Group Pass agreement. Mr. Vobora stated that their previous rates have been lower than other groups in the program but for the last couple of years have been on step increases to catch up. They are two steps away and should catch up next year. A hearing is scheduled for the first part of February to discuss the proposed rate. Mr. Vobora believed they are reluctant to approve a rate increase; Leadership Council, however, recommended that they stick to the step increase plan. Each year poses a challenge because a new group of students negotiates the contract. Mr. Vobora added that rates for similar university programs around the country are often eight times as high.

In response to a question from Mr. Kortge, Mr. Vobora stated that any community group could request a fare media donation. Typical requests include prize giveaways, which do not total very much (e.g., day pass, monthly pass). A list could be provided.

(Mr. Hamm arrived.)

Mr. Vobora stated that the only subtenant change to base fares was the change in token price from \$1.00 to \$1.10. Ms. James noted that tokens are sold in packages of five and recommended that token fare be listed as five for \$5.50 on the Pricing Plan.

The Committee approved the Fare Policy and Pricing Plan as amended.

CAPITAL IMPROVEMENTS PROGRAM (CIP) – Ms. James, accounting manager, stated that the CIP included in the agenda packet was basically the same as the last version except that the EmX third corridor had been pushed out at the Board's request.

Since LTD is not able to use federal funds for the EmX portion of RiverBend Drive—the new roadway near PeaceHealth's new hospital—funding is being sought through a new state program called ConnectOregon. Application for funds is due in February 2006. Since ConnectOregon is a new program, staff is not sure what the rules will be. The CIP assumes \$2.6 million for the RiverBend Drive project. The ConnectOregon application will assume a \$3 million project with the rest coming from match. If we partner with PeaceHealth, we can use their land purchase as part of the match. If we do not partner with PeaceHealth, an in-kind donation cannot be used as match. Politically, it may not be wise to partner with PeaceHealth. If ConnectOregon funding is not obtained, the project would have to be funded with local funds. Staff believe that ConnectOregon funds will be obtained, but LTD is competing with ports and airports. Each region is offered \$15 million. Our region includes the coast from Astoria to Coos Bay. Mr. Hamm added that the Legislature did not want this to be a "ports only" bill.

Other LTD projects tied to ConnectOregon funding included a new or enhanced Gateway Station at \$1.36 million with a \$340,000 match from already programmed federal discretionary money.

LTD received \$1 million in alternative analysis discretionary money for current projects. Unfortunately, due to the way appropriations are coming out, we will not be able to use that money on projects that have already been started. Ms. Hellekson believed LTD would be able to use this money for preliminary engineering, but we have not received official word from the Federal Transit Administration (FTA).

Other CIP projects included a new or enhanced River Road Station at \$500,000, which will connect with the progressive corridor enhancements (PCE) route, in Year 2, and a new Valley River Center access in 2009.

The CIP included three options for cash reserves: (1) assuming that transfers from the General Fund continue; (2) assuming debt financing at \$10 million for Pioneer Parkway EmX match; and (3) operating reserve adjustment with minimal debt. Ms. Hellekson reminded the Committee that the Board reviewed the options at its work session in December 2005 and favored the third option.

(Linda Lynch arrived.)

LONG-RANGE FINANCIAL PLAN (LRFP) -- Ms. Hellekson referred the Committee to the summary and assumptions included in the agenda packet. Two changes to the LRFP were made after the Board work session in December 2005: (1) third EmX corridor was bumped out another year; and (2) reserves will be spent down to \$2 million instead of \$3 million. The current plan does not put any more money into the pension plan. However, the plan does include \$300,000 for new positions yet to be determined; a marketing campaign; maintenance of the current pension and health benefits; and a 2 percent increase for next year and 1 percent in each year thereafter for service fixes.

In response to a question from Mr. Kortge, Ms. Hellekson stated that the bus purchase was moved forward from next year to the current year.

The plan assumes a fairly optimistic payroll tax revenue growth; however, the current rate of growth is 11.4 percent, which the plan does not assume. Ms. James believed the rate was high due to accounting errors at the Department of Revenue. A more reasonable rate for LTD is 6 percent.

Ms. Hellekson stated concern about reducing the reserves from \$3 million to \$2 million. Although the operating fund should be okay, the concern is that the working capital is too low. Debt capacity does not equal reserves. Reserves are cash in the bank. When applying for New Starts funding, the FTA will be looking at reserves and liquidity, although we are not yet familiar with reserves expectations. There is also a project contingency requirement. The numbers in the LRFP are not adequate in Years 7 and 8. Staff will develop a version of the LRFP that assumes an 8 percent growth rate in payroll tax receipts.

Additional money to fully fund the pension plans was not included in the LRFP. The Human Resources Committee will be discussing this issue in the near future. The Committee asked for the actual amount it would take to fully fund both the Administrative Pension Plan and the ATU Pension Plan.

OTHER -- The Committee was invited to attend Economic Forecast 2006 on February 1, 2006, at the Eugene Hilton and Conference center.

NEXT MEETING – The next meeting was scheduled for February 7, 2006. Staff would prepare a list of projects to prioritize, payroll projections, and special service pricing.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 8:15 a.m.

(Recorded by Chris Thrasher, Lane Transit District)