

## MINUTES OF ADJOURNED BUDGET COMMITTEE MEETING

### LANE TRANSIT DISTRICT

Thursday, April 27, 2006

Pursuant to notice given to *The Register-Guard* for publication on April 2, 2006, and April 19, 2006, and at the April 26, 2006, Budget Committee meeting, and distributed to persons on the mailing list of the District, an adjourned meeting of the Budget Committee of the Lane Transit District (LTD) was held on Thursday, April 27, 2006, at 6:30 p.m., in the LTD Board Room at 3500 East 17<sup>th</sup> Avenue, Eugene.

	<u>Board Members</u>	<u>Appointed Members</u>
Present:	Susan Ban Mike Eyster David Gant Gerry Gaydos Dean Kortge	Dwight Collins Jon Hinds Michael Langis Darrel Williams
Absent:	Debbie Davis	Russ Brink Dean Huber Charlie Kimball

**CALL TO ORDER AND ROLL CALL:** Committee Chair Dwight Collins declared the meeting reopened from the previous evening at 6:30 p.m. Mr. Pangborn called the roll. A quorum of the Committee was present. The following staff were also present:

Mark Pangborn, General Manager  
Linda Lynch, Assistant General Manager  
Diane Hellekson, Budget Officer  
Carol James, Accounting Manager  
Todd Lipkin, Grant Administrator  
Mary Neidig, Director of Human Resources  
Stefano Viggiano, Director of Development Services  
Andy Vobora, Director of Marketing & Communications  
Tom Brush, Interim Director of Maintenance  
Terry Parker, Accessible Services Manager  
Connie Williams, Commuter Solutions Manager  
Jo Sullivan, Administrative Services Manager/Clerk of the Board  
Steve Parrott, Information Technology Manager  
Charlie Simmons, Facilities Services Manager  
Anita Yap, Transit Development Planner  
Chris Thrasher, Recording Secretary

**PUBLIC COMMENT:** Mr. Collins opened the meeting for public comment. There was no public comment, and the public comment session closed.

**INTRODUCTIONS:** Members of the Committee took turns introducing themselves and giving a brief background. Staff who were not at the previous night's meeting also introduced themselves.

(Ms. Ban arrived)

**LOGISTICS AND AGENDA REVIEW:** Ms. Hellekson thanked the Committee for returning for the continuation of the budget presentation and reviewed the general logistics for the meeting, which included asking questions, meeting times, refreshments, and an emergency phone number.

Handouts of trend charts from the previous night's presentation and a proposed budget resolution were distributed to Committee members. The resolution reflected the request from the previous night to add \$170,000 to the Materials & Services appropriation for additional fuel costs.

Ms. Hellekson stated that the presentation would include a brief recap and follow-up of the first night and a General Fund recap, as well as discussion of the Commuter Solutions Fund, Accessible Services Fund, Capital Improvements Program, Capital Projects Fund, and a budget summary, if requested. The meeting would conclude with Committee discussion and action.

### **BUDGET PRESENTATION:**

**Recap of Previous Night's Meeting.** Ms. Hellekson stated that the previous night's meeting covered a financial overview, performance, policy direction from the Board, and the General Fund proposed budget.

Direction from the Board included the following:

- Invest in fixed-route service reliability.
- Invest in fleet maintenance.
- Assure facilities quality and preservation of assets.
- Invest in work force development (training).
- Fully fund both retirement plans over 20 years.
- Conduct a public outreach campaign.
- Implement Franklin EmX corridor service.
- Plan for Pioneer Parkway EmX corridor for 2009.
- Pursue progressive corridor enhancement.
- Consider short- and long-term debt financing.

Ms. Hellekson stated that the addition of the appropriation for fuel rate increase to \$2.25 would reduce the FY 2007-2008 beginning working capital by \$170,000, for a new total of \$6,354,520.

**Commuter Solutions Fund Proposed Budget.** Ms. Hellekson stated that advisory organizations/partners for the Commuter Solutions program included the following:

- City of Eugene
- Lane Transit District

- Lane Council of Governments
- Oregon Department of Transportation
- Lane County
- City of Springfield

These agencies support LTD's strategic goal statements to develop innovative service that reduces dependency on the automobile and to provide progressive leadership for the community's transportation needs.

Programs under the Commuter Solutions Fund included the following:

- LTD group pass programs
- Regional carpools and Valley Vanpool partnership
- Emergency Ride Home program
- Congestion Mitigation Program
- Smart Ways to School program
- Student Transit Pass program
- Park & Ride program
- Transit vouchers
- Bicycle commuting
- Walking programs
- Telecommuting
- TravelSmart pilot project

Total resources and requirements were budgeted at \$3,725,600, which was a 361.7 percent increase over the current-year budget. In addition to the beginning working capital at \$180,500 and LTD's contribution of \$5,000, these programs receive funding from federal grants, at \$524,200; transportation demand management match from other local jurisdictions, at \$15,000; and a pass through of \$3 million for the Student Transit Pass program in the form of a Business Energy Tax Credit (BETC). Without the \$3 million pass through, the Commuter Solutions Fund would recognize only a 10 percent increase over current-year budget.

**Discussion.** In response to a question from Ms. Ban, Mr. Pangborn stated that the Department of Energy decides on a yearly basis who receives the BETC; state legislation distributes the funding on a biennial basis. Ms. Hellekson stated that the BETC program diverts money from the state fund that supports schools, etc., into the state transportation fund.

Ms. Hellekson explained the reason for the \$3 million Student Transit Pass Revenue as shown in the resources summary. LTD gives an in-kind donation of transit passes through LCOG, the pass-through agency, who in turn administers the program for LTD. To ensure a cash audit trail, LCOG asked LTD to write a check to LCOG for the \$3 million in-kind donation, which is then paid back to LTD immediately.

In response to a question from Ms. Ban, Ms. Williams explained that the TravelSmart program was an international research project funded by the Oregon Department of Transportation (ODOT). Eugene was one of three sites in Oregon chosen for the project, which also included Salem and Bend. ODOT subsidizes the program while Commuter

Solutions provides the match. The program, through incentives and levels of involvement, measures incentives and programs that affect actual behavioral change in travel modes.

**Accessible Services Fund Proposed Budget.** Ms. Hellekson stated that accessible services are offered in order to meet Americans with Disabilities Act requirements.

Complementary paratransit services are provided within a ¾-mile boundary of LTD's core service. RideSource provides curb-to-curb service as well as a weekly grocery service (RideSource Shopper). The Transit Host & Training Program offers one-on-one support for riders using the fixed-route service.

Additional services provided under the Accessible Services program include Volunteer Escort, a county-wide door-to-door service; White Bird Clinic, mental health transportation; Small City & Rural services; and Elderly & Disabled services.

Specialized transportation and small city services included the following contracts within the LTD service area:

- RideSource – operated by Special Mobility Services and serving Eugene and Springfield
- South Lane Wheels – serving Cottage Grove and Creswell
- Transit Host & Training Program – operated by Alternative Work Concepts
- White Bird Clinic – providing services for people with mental and emotional disabilities

Specialized transportation and small city services included the following contracts outside the LTD service area:

- Diamond Express – operated by Special Mobility Services and providing an Oakridge to Eugene connection
- Rhody Express – operated by River Cities Taxi and serving Florence
- South Lane Wheels – serving south Lane County
- Volunteer Escort – providing medical trips

This fund has both in-district and out-of-district resources. The in-district resources directly buy services (we contract to provide). The out-of-district resources pass through.

Staff have been working with the State of Oregon regarding the feasibility of providing a brokerage/call center in Lane County for Medicaid trip planning. The service would include centralized call taking, eligibility verification, scheduling, and quality assurance. The estimated start-up costs of \$600,000 were included in the budget. Currently, the state of Oregon is providing the service. Staff estimated a two-year implementation cycle. One of the goals is to increase RideSource efficiency and cost sharing.

In response to a question from Ms. Ban, Ms. Hellekson stated that staff anticipate no net cost to LTD. The State of Oregon would provide all funding.

Ms. Ban also asked if there was consideration to include the White Bird service. Ms. Parker stated that the proposal was to eventually include a number of services. The

goal is to make it easier for the consumer by having one place to call for a number of different types of trips.

Ms. Ban asked if it would be included in the 211 program; however, Ms. Parker was not aware of the program.

Ms. Parker stated that staff are looking at co-locating the call center with the current RideSource staff. However, the current RideSource facility would not accommodate call center staff. Ms. Hellekson stated that the call center could be built on property near the RideSource facility.

Mr. Williams asked if the center would also be a dispatch center for agencies such as South Lane Wheels. Ms. Parker explained that the call center could take calls and dispatch rides to providers throughout the area. The advantage to the smaller providers, is that LTD, as a brokerage, would pay the provider instead of them having to ask for money from the state, which tends to be more difficult.

In response to a question from Mr. Collins, Ms. Parker stated that there is a huge need in the community for a Medicaid brokerage. The state's other option would be to brokerage the services out of the Salem brokerage. Senior & Disabled Services estimated 100,000 rides were currently going through their system. Every brokerage in the state has seen rides double and triple once people learn about the service.

Ms. Parker stated that we would need to identify Medicaid rides that are currently going through RideSource that could be billed to Medicaid.

In response to a question from Mr. Collins, Ms. Parker estimated that an additional 10 staff members would be needed to operate the brokerage. Ms. Hellekson stated that the brokerage service and staff would be contracted.

Ms. Hellekson stated that money from the LTD General Fund provides partial funding for RideSource, the Transit Host & Training Program, and program administration. In-District resources also included the State Special Transportation Fund, Federal Developmentally Disabled funds, and Medicaid and other social service contracts. Out-of-District resources included State Special Transportation Fund, federal Small City & Rural Assistance, and Medicaid and other social service contracts.

The budget proposal for the Accessible Services Fund showed \$3,802,490 in total resources and requirements, which was a 30.3 percent increase over the appropriations for the current year. Without the funding for the brokerage, the fund would increase only 9.7 percent.

Ms. Hellekson stated that the transfers from the General Fund to the Accessible Services Fund were an increase over the previous year of 7.5 percent in FY 2003-2004 and 17.6 percent in FY 2004-2005. In FY 2005-2006, an increase of 21.7 percent was budgeted, but because Ms. Parker was so successful in obtaining additional grants in support of the Accessible Services programs, the estimated increase was only 6.7 percent. As a result, the FY 2006-2007 budgeted amount would be \$1,555,000 or a 4.6 percent increase.

Noting a \$107,000 requirement increase in federal 5311 grant funds, Mr. Hinds asked if a similar increase was anticipated for FY 2007-08. Ms. Hellekson stated that no changes were anticipated in 5311 federal grant funds for FY 2007-08. Ms. Parker added that 5311 funds received support in the last reauthorization of the transportation bill nationally and were increasing through FY 2009. The challenge to the rural communities is the local match needed in order to draw down the funds. However, the percentage of required match was recently reduced.

**Capital Improvements Program (CIP)**. Ms. Hellekson stated that the Capital Improvements Program was approved by the Board in March 2006. The Board gave staff planning direction that included the following:

- Complete Franklin EmX corridor.
- Plan and build Pioneer Parkway EmX corridor.
- Implement progressive corridor enhancements.
- Plan for a third corridor but defer construction beyond 2013.
- Increasing cost and complexity of capital projects mandates long-term planning.
- Major projects such as EmX are tied to federal funding cycles for FY 2005-2009 and FY 2010-2015.
- EmX is an integral part of the Regional Transportation Plan.
- Replace existing bus fleet on a life-cycle cost schedule.
- Continue improvements to customer services with facilities, equipment, and technology.
- Continue productivity and efficiency improvements with allocations to technology and equipment.

Ms. Hellekson showed in a graph that compared similar agencies that LTD's average capital spending per boarding was 85 cents, which was below the mean average.

Ms. Hellekson also showed in a chart the breakout of major capital projects per fiscal year. She stated that the investment in EmX continues to be strong until FY 2009-2010, at which time the Pioneer Parkway corridor is expected to be implemented. Major revenue vehicle purchases were slated for FY 2006-07, FY 2009-10, and FY 2012-13.

As shown in a pie chart, the proposed eight-year allocations were for Franklin EmX Corridor with Vehicles at \$14,150,000; Pioneer Parkway EmX Corridor with Vehicles at \$38,740,000; Third EmX Corridor at \$3,700,000; and Other Capital Projects at \$66,344,940. With EmX projects totaling \$57,590,000, the eight-year allocations for Other Capital Projects were broken out in a pie chart as follows: Revenue Vehicles at \$30,062,700; Technology at \$13,242,000; Accessible Services and Commuter Solutions at \$6,147,000; Passenger Boarding Improvements (PBI)/Facilities at \$8,932,700; Progressive Corridor Enhancement at \$3,676,000; and Other Projects at \$4,284,540. The \$6.1 million allocated for Accessible Services and Commuter Solutions is primarily for the purchase of RideSource vans. Ms. Hellekson noted that EmX over the eight-year period is less than 50 percent of what LTD intends to invest in capital improvements.

In summary, the budget assumes receipt of *ConnectOregon* funding to help build the Pioneer Parkway EmX corridor in Years 2-4. LTD will also apply for federal Small Starts funding. The total proposed costs for the EmX project in FY 2006-07 was \$15,215,500.

The total capital projects expenditures for FY 2006-07 was \$30,776,400. Ms. Hellekson noted that the budget proposed debt service in Years 4 and 5.

Ms. Hellekson showed in a pie chart the eight-year funding summary for capital improvement projects:

- Federal Discretionary Funds (5309) at \$10,846,880
- Federal Formula Funds (5307) at \$48,116,030
- EmX Federal Discretionary Funds at \$20,700,000 (not yet secured)
- Other Federal Funds at \$1,326,490 (not yet secured)
- Other Local Funds at \$6,900,000 (not yet secured)
- Local Cash Reserves at \$22,108,840
- Other Grant Funding at \$12,808,270
- Other Funds at \$1,128,430

Approximately 75 percent of the CIP projects would be federally funded.

In response to a question from Mr. Collins, Ms. Hellekson stated that the local cash reserves were all from LTD. Mr. Pangborn stated that reserves are used for the 20 percent match requirement for bus purchases, etc.

For FY 2006-07, the total proposed funding for Capital Improvements Program project revenues was \$30,776,400. No transfers from Operations were proposed for Years 1-3; however, bond proceeds in Year 2 would total \$8 million. In Years 4 and 5, transfers would resume and debt service would be implemented.

At this point, funding for the Pioneer Parkway EmX corridor was presumed to be 60 percent federal, 20 percent LTD, and 20 percent other local match.

Mr. Collins asked how far along the Pioneer Parkway EmX project was. Mr. Viggiano stated LTD was currently five years into an eight-year project. Mr. Pangborn stated that LTD would not sign a contract that would obligate LTD to an expense unless we know we have the funding to pay for it. Planning and public involvement would continue unless federal funding disappeared.

**Capital Projects Fund Proposed Budget.** Ms. Hellekson stated that the budget proposal for the Capital Projects Fund was \$33,766,100, which was a 9.4 percent increase over appropriations for the current year. If the start-up costs for the Medicaid brokerage were excluded, there would only be a 5.2 percent increase. The budget proposal for appropriated requirements showed \$30,231,400 for capital projects, of which \$15,215,500 was slated for EmX projects, and \$3,534,700 in fund balance reserves.

Ms. Hellekson stated that public entities are required to appropriate 100 percent of project costs even if all the money is not spent in that year. In the following year the remaining amount is appropriated.

In response to a question from Mr. Collins, Ms. Hellekson stated that it would not be necessary to borrow the total \$8 million if the Pioneer Parkway EmX project were to get behind schedule.

In summary, the proposed appropriations for FY 2006-07 were as follows:

- General Fund -- \$38,558,500 -- 8.5 percent increase from current year
- Commuter Solutions Fund -- \$3,725,600 -- 361.7 percent increase from current year
- Accessible Services Fund -- \$3,802,490 -- 30.3 percent increase from current year
- Capital Projects Fund -- \$33,766,100 -- 9.4 percent increase from current year
- Total FY 2006-07 Proposed Appropriation -- \$79,852,690 -- 13.9 percent increase from current year.

Ms. Hellekson ended the presentation by referring the Committee to page 10 in the budget notebook for a chart of the FY 2006-07 proposed budget.

She thanked Carol James, Todd Lipkin, and Chris Thrasher for their help putting together the budget notebook and presentation. She also thanked other staff members—Ryan McFadden, Larry Storm, Jeanne Schapper, and other Finance staff—for helping with production and distribution.

**Discussion.** Ms. Hellekson asked the Committee to consider the following questions:

- Have resource allocations been balanced appropriately between present service needs and future needs?
- Are resources allocated in accordance with LTD's priorities and mission?
- Are resources being used effectively?
- Is the plan prudent?
- Can we improve the budget development and presentation process in the future to better meet Committee members' needs and expectations?

Ms. Ban thanked Ms. Hellekson and the team for a fabulous presentation. She was comfortable with the proposed budget.

Mr. Eyster asked if there had been any response to the payroll tax rate increase. Mr. Vobora reported nothing yet but expected responses around tax time. He also was comfortable with the proposed budget, but believed the community would ask why we were not charging more for fares. Mr. Vobora stated that a large number of riders belong to the Group Pass program, which is funded by employers or paid for through student funds as is the case with the University of Oregon students. That program would see a 6 percent increase effective January 1, 2007. The people who would be affected most by a fare increase are probably the people who could least afford it. He recommended being cautious.



Mr. Gaydos supported the proposed budget. He believed that the balance was appropriate and that adjustments of resources seemed appropriate on the fixed-route, maintenance, and acquisition sides. He believed that the resources were being used effectively but hoped that we would not have to borrow except for the short-term where we know we can pay it back. He asked that LTD continue to lobby the Legislature and local jurisdictions. He hoped for community support of EmX. There is a difficult balance between capital and service but the direction under this budget seemed appropriate. He thanked Diane.

As a rider, Mr. Hinds liked that new buses would be purchased because old buses break down more often. He believed more people would start riding the bus with the continuation of increasing gas prices. He is a big proponent of having more buses than needed. He remembered the last gas crunch when buses had standing room only. In response to a question from Ms. Ban, Mr. Hinds stated that he could see a shift in the balance to support fixed-route service.

Ms. Ban believed there was a better balance across all levels of the organization.

Mr. Collins stated that in the community it is difficult to measure the value of LTD and the future benefits. He hoped EmX would reduce the number of cars on the road and looked forward to the opening of the Franklin EmX corridor. He felt good about the proposed budget.

Mr. Williams stated that, from a rural perspective, LTD provides a valuable service, and he would support the proposed budget. In Cottage Grove, feelings about paying the payroll tax are mixed. He appreciated that fixed-route service for Cottage Grove was increasing. He also would like to see benches and shelters at the bus stops in Cottage Grove. Mr. Williams thanked Diane for the presentation.

**Motion**

Mr. Collins moved, seconded by Mr. Kortge, that the LTD Budget Committee approve the proposed fiscal year 2006-2007 budget as presented and forward it to the LTD Board of Directors for adoption.

There was no further discussion and the motion was approved as follows:

**VOTE**

AYES: Ban, Collins, Eyster, Gaydos, Hinds, Kortge, Langis, Williams (8)

NAYS: Gant (1)

Mr. Gaydos thanked Mr. Collins for chairing the committee, at which attendees applauded.

**ADJOURNMENT:** There was no further discussion, and the meeting adjourned at 7:45 p.m.

  
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Committee Secretary