

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING

Wednesday, August 17, 2016

Pursuant to notice given to *The Register-Guard* for publication on August 11, 2016, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a regular meeting on Wednesday, August 17, 2016, beginning at 5:30 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

Present: Gary Wildish, President (via telephone)
Gary Gillespie, Vice President
Ed Necker, Secretary
Donald Nordin, Treasurer
Carl Yeh
Angelynn Pierce
A.J. Jackson, General Manager
Jeanne Schapper, Clerk of the Board
Lynn Taylor, Minutes Recorder

Absent: Julie Grossman

CALL TO ORDER/ROLL CALL — As acting president, Mr. Gillespie convened the meeting and called the roll; Mr. Wildish attended the meeting via conference telephone.

PRELIMINARY REMARKS BY BOARD PRESIDENT — There were none.

COMMENTS FROM THE GENERAL MANAGER — Ms. Jackson announced that Ms. Pierce and Ms. Grossman's terms would expire at the end of 2016 and notice of the vacancies would be posted on LTD's website.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA — Mr. Gillespie announced that a Tap and Taste would be held at Willamalane on August 27 in Springfield. LTD was one of the events co-sponsors. Riders could use routes 11, 17, 18 and 91 to travel to the location. He said that copies of a letter sent to the chair of the Oregon Transportation Commission (OTC) from the Metropolitan Policy Committee (MPC) and signed by Mr. Wildish on behalf of the Board were at each Board member's station. The letter from MPC members requested Congestion Mitigation and Air Quality (CMAQ) funds (for which the area had been eligible since 2013) be budgeted to include the Eugene-Springfield and Salem-Keizer areas in the allocation.

BOARD CALENDARS — Ms. Jackson briefly reviewed coming events and activities. She noted that the Main/McVay Governance Team had canceled its September meeting. The next meeting will be held in October. She added that a Budget Committee meeting was scheduled for September 6, and a Special Board Meeting was confirmed for October 10 in addition to the October 19 regular meeting. Several staff, including the general manager,

would be attending the APTA Annual Meeting in September, and Board members were invited to the annual Fleet Barbecue to be held on September 15.

EMPLOYEE OF THE MONTH — The Board recognized Bus Operator Richard Aukerman as the September 2016 Employee of the Month. Mr. Gillespie presented Mr. Aukerman with his award and thanked him for his outstanding service and dedication to LTD's mission. Mr. Aukerman thanked the Board for the honor and said he had enjoyed the last 19 years as an LTD employee and appreciated the support he received.

AUDIENCE PARTICIPATION — Mr. Gillespie explained the procedure for providing comments to the Board.

Rob Zako, Eugene, representing Better Eugene-Springfield Transit (BEST), said that BEST was submitting comments to the MPC regarding the Main-McVay project. He said that it was an important project for the community and LTD, and many aspects of the project were going well. He commended staff for community outreach efforts. He said the request to the MPC was for \$65,000, which was in addition to the \$75,000 already granted to the project for business outreach. BEST was not clear on the purpose of the project--whether it was to improve transit or improve safety. He said those were two different types of projects, and Springfield needed to clarify its primary interest with respect to the Main-McVay project. He appreciated the outreach to businesses, but outreach should also include people who rode the bus to be sure their concerns and needs were being addressed.

Ms. Pierce asked if BEST had addressed those concerns to Springfield's mayor and council. Mr. Zako said he had not spoken directly to Springfield officials, although written and verbal testimony had been provided to the MPC and to the Governance Team.

ITEM FOR ACTION AT THIS MEETING

MOTION **Consent Calendar** — Mr. Yeh moved to remove the Extension of the Professional Legal Services Contract from the Consent Calendar. Mr. Necker provided the second.

VOTE The motion passed as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Grossman (1)

MOTION Mr. Necker moved adoption of the following resolution: LTD Resolution No. 2016-08-17-029 It is hereby resolved that the Consent Calendar for August 17, 2016, is approved as amended. Mr. Yeh provided the second. The Consent Calendar consisted of the Minutes of the July 19, 2016, Special Board Meeting.

VOTE The resolution was adopted as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None

EXCUSED: Grossman (1)

Extension of Professional Legal Services Contract: Mr. Gillespie explained that the contract still contained the name of the previous general manager, Mark Pangborn.

MOTION Mr. Necker moved to substitute the name Aurora Jackson for Mark Pangborn as “LTD’s Project Manager” in the Professional Legal Services Contract. Ms. Pierce provided the second.

Ms. Jackson said that the original contract had to be presented for extension; staff did not have the authority to make changes; the Board could then amend it to update information such as names. She said her experiences with the services provided by Dwight Purdy's office had been positive and extension of the contract would provide continuity as the District worked on updating policies and procedures.

VOTE The motion was passed as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Grossman (1)

MOTION Ms. Pierce moved to approve the Extension of the Professional Legal Services Contract as amended. Mr. Necker provided the second.

VOTE The motion was passed as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Grossman (1)

Fund Balance and Budgetary Reserve Policy — Financial Division Certified Public Accountant Cindi Hamm said that an updated policy was necessary before the Budget Committee considered a supplemental budget at its September 6 meeting. She said in order to prepare a supplemental budget, it was necessary to determine the appropriate fund balance to maintain in the General Fund. She said the fund balance, also referred to as unrestricted fund balance or working capital, was the amount left at the end of the year after all bills were paid. This was money that LTD could use at its discretion and did not include state or federal grant funds or other funds on which outside agencies had placed restrictions. She said Government Finance Officers Association (GFOA) best practices, Oregon Revised Statutes (ORS), and Oregon Administrative Rules (OAR) were the primary drivers of the policy update.

Ms. Hamm said the policy update responded to a number of GFOA recommendations and ORS/OAR requirements, including:

- A fund balance equivalent to a minimum of two months of operating expenditures
- Definition of the circumstances under which the fund balance could be used
- When and how the fund balance would be replaced if it dropped below the target

- Return of the fund balance to target within a three year period
- A policy for when the fund balance exceeds its target amount

Ms. Hamm used a table to compare the current policy and proposed updates and explain how procedures would be changed under an updated policy.

In response to a question from Mr. Necker, Ms. Hamm said that the fund balance and reserves were segregated because Oregon Budget Law allows entities to have a contingency (reserve) fund that does not have the same constraints on it as the ending fund balance and could be used without conditions that constituted an emergency.

Ms. Hamm explained the differences between GFAO recommendations and Oregon Budget Law requirements and restrictions. She said that staff were proposing an ending fund balance of between two and three months. This was justified by the schedule of receipt of payroll taxes, which represented 70-75 percent of the District's revenue. Other factors that could justify keeping an excess of two months of working capital were other funds that drew down on General Fund resources, such as the Accessible Services Fund, and the reimbursement of grant-related expenditures. She said that the \$1 million reserves for Self-insurance/Risk and General Fund contingency would be in addition to the fund balance. The proposed policy update would provide the District with a reasonable fund balance, and she encouraged an annual review of the policy to assure that it continued to meet the District's needs in the event of changes in the economy.

Mr. Wildish stated that he liked the updated policy because it presented clarified budget information for the public and demonstrated that LTD was prepared for unexpected situations. He stated his support for the proposal.

Mr. Gillespie asked if the proposed update would affect the appropriation of \$1 million to the pension plans. Ms. Hamm said it would not affect the appropriation.

Mr. Gillespie asked if approval of the resolution meant that the Board was approving a fund balance of two to three months. Ms. Hamm said that was correct. She noted that the working capital also served as revenue stabilization in the event of a downturn in the economy and reduction in payroll tax revenue.

Ms. Hamm added that approval of the updated policy would allow for presentation of the supplemental budget that could include a more precise calculation of the target fund balance and better inform decisions about moving any excess funds to the Capital Fund. She said that the proposed policy update had been reviewed by legal counsel to assure its compliance with Oregon Budget Law.

Ms. Jackson added that maintaining a healthier fund balance would allow the District to avoid drastic service reductions during economic downturns when the demand for service was greater. She noted that the policy could be reviewed during the next budget cycle and modified if necessary.

MOTION Ms. Pierce moved Resolution No. 2016-08-17-030: It is hereby resolved that the Lane Transit District Board of Directors adopts the proposed Lane Transit District Fund Balance and Budgetary Reserve Policy as presented. Mr. Yeh provided the second.

VOTE The resolution was approved as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Grossman (1)

LTD Pension Plans Payment — Director of Administrative Services Roland Hoskins asked the Board to formalize how the \$1 million appropriation should be divided between the two pension plans. He said that the proposal was to distribute the appropriation on the basis of the base assets of each fund, which would result in approximately 60 percent going to the Amalgamated Transit Union (ATU) plan and 40 percent going to the Salaried Employees' plan. He said that the pension trustees supported the proposal.

MOTION Mr. Nordin moved approval of Resolution No. 2016-08-17-031, to allocate the \$1 million one-time payment to be split proportionately between the asset base of the Lane Transit District and Amalgamated Transit Union (ATU), Local No. 757 Pension Trust and the Lane Transit District Salaried Employees' Retirement Plan. Ms. Pierce provided the second.

VOTE The resolution was approved as follows:
AYES: Gillespie, Necker, Nordin, Pierce, Wildish, Yeh (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: Grossman (1)

ITEMS FOR INFORMATION AT THIS MEETING

Board Member Reports — Mr. Gillespie, in regard to the MPC's letter to the OTC signed by Mr. Wildish, said he had made an call to Representative Holvey as an individual constituent asking him to advocate for allocation of CMAQ funds.

Reporting on the Lane Area Commission on Transportation (ACT), Mr. Nordin said that LTD's application for *ConnectOregon* VI funds was 29th on the list of prioritized projects and likely to be approved for funding. At the recent meeting, LaneACT members reported on current activities and received an update on moving from the gas tax to a use tax. He said that a representative from the Lane Coalition for the Blind spoke about the need for service to Florence.

Government Relations Update — Government Relations Manager Edward McGlone said that the Federal Highways Administration (FHWA) had determined that the Eugene-Springfield region had been eligible for CMAQ funds since 2013, at a minimum, and that amounted to about \$2.5 million annually. During that period, CMAQ funds of approximately \$10 million was allocated to other regions, and the Oregon Department of Transportation (ODOT) director was recommending that the current allocation practice continue until at least 2019 before a new allocation formula was considered. That represented a significant loss of resources, and Lane Council of Governments (LCOG) and the MPC were aggressively pursuing the matter of allocating the CMAQ funds to the region that FHWA had determined it was due, as well as restoring funds from prior years that were allocated to other areas.

Mr. McGlone said that the OTC was scheduled to take final action on the list of prioritized *ConnectOregon* VI projects later in the week. He expected that LTD's request for funding for the Santa Clara Community Transit Center would be approved.

Mr. McGlone reported that the Fixing America's Surface Transportation (FAST) Act was a five-year bill passed by Congress that encompasses federal fiscal years 2016 through 2020. He said that 5307 formula funding was slightly increased, and the bus and bus facility grant program was funded in the legislation. LTD was awarded funds for the purchase of five all-electric buses and was awaiting word on its request for funds to install the charging infrastructure for those buses. Changes to the Buy America program would increase the current requirement of 60 percent (American products and services) to 70 percent by 2020. He said that requirement was difficult for the transit industry to comply with and could have a significant impact on driving up the cost of vehicles.

Mr. McGlone reported that the Smart Starts program did include provisions for combining inter-related projects in an application, but rule-making for this provision was not a priority for the Federal Transit Administration and it was unlikely that it would occur within a timeframe that would allow LTD to take advantage of the provision. Small Starts now allowed applications to be submitted for a preliminary score to determine if they were competitive before completing all of the environmental work.

Mr. McGlone reviewed the list of possible funding options for transit developed by the Oregon Transportation Forum Subcommittee on Revenue and included in the agenda packet. He also discussed the Transit Tax Financial Impact analysis contained in the packet.

Mr. Nordin asked if the Subcommittee had discussed either rescinding constitutional provisions prohibiting the use of road funds for transit or a carbon tax. Mr. McGlone said that issue was a non-starter at present, primarily because the gas tax was a diminishing source of revenue and there was a significant maintenance backlog; use of those funds for other purposes would be very unpopular, and any constitutional change would have to be enacted by the voters. He said that a carbon tax was being discussed but was unlikely to pass in the next legislative cycle. Legislative counsel had determined that revenue from Measure 97 (derived from sources such as gas stations, car dealers and other automotive businesses), should it pass, would be considered a user-based fee and required to go to the Road Fund. That determination could also apply to a carbon tax.

Mr. Gillespie thanked Mr. McGlone and Paul Thompson of LCOG for their efforts on CMAQ funding.

Mr. McGlone said Oregon would receive about \$85 million as part of the settlement Volkswagen was paying to the federal government over deceptive emissions tests. He said that \$68 million had been set aside for the purpose of reducing mobile source diesel emissions. Transit districts were interested in use of the funds for the purchase of electric buses or other technologies that reduced diesel emissions. The legislature was being asked to consider setting aside a portion of those funds for that purpose. He asked if the Board wished to continue to purpose that option.

Board members indicated support for pursuing use of funds for the purchase of electric buses and other technologies.

Main-McVay Transit Study Phase Two Update — Project Manager Sasha Luftig stated that the ODOT Safety Program, which analyzed transportation facilities across Oregon to determine the best investments to save lives, awarded more than \$15 million to the region for safety improvements, including \$8 million to Springfield for potential improvements along Main Street. She said that the Springfield City Council would discuss the funding at its September meeting and that information would be provided to the LTD Board and to the Main-McVay Governance Team. Selection of a locally preferred alternative (LPA) would be delayed pending Springfield's decision regarding Main Street options.

Ms. Luftig said that MovingAhead had begun the alternatives analysis work that would provide benefits and impacts of the alternatives being evaluated. That information would be presented in early 2017. LTD and City of Eugene staff were conducting extensive community outreach to inform the public about MovingAhead.

External Work Group Report — Ms. Jackson explained that a work group composed of Mr. McGlone, Marketing Manager Meg Kester, and Accessible and Customer Services Manager Cosette Rees had interviewed internal and external stakeholders to determine how LTD should move forward with messaging and providing information to the community in a consistent and timely manner.

Ms. Kester said that the work group's charge was to help define how communications-related functions fit within a new organizational structure for the agency. Information was gathered through interviews, surveys, and discussions. Information would be analyzed and recommendations would be made to LTD's Leadership Council and the Board on how to improve both internal and external communications. She described the methodology used to collect information and thanked Board members for their participation.

Ms. Kester said the work group defined the following needs and goals:

- Streamline agency communication processes
- Eliminate redundancies or gaps in external communications
- Better define the roles and responsibilities for directing various communications functions
- Develop a structure that encouraged cross-departmental agency coordination and allow for work/life balance
- Improve functional relationships between divisions
- Develop an external communications structure that facilitated and improved coordination among the Board, staff, and the community

Ms. Kester stated that the criteria for recommendations included ensuring that functional work was together and not separated, that the structure responded to agency needs and supported priority needs of the agency, and ensured better external communications and better capacity for external relationships.

Mr. McGlone briefly reviewed the workgroup's key findings:

- Need for improvement of LTD's tone and messaging
- Improvement of staff capacity
- Improvement of processes
- Clarification of roles and duties

Mr. McGlone said the workgroup was recommending the creation of a Public Affairs Department to include the clerk of the board, marketing and communications functions, and a public information officer. He explained how each of those functions would provide the capacity to fully communicate LTD's story to the public, include a focus on generating ridership, and enhance capital and development projects communications coordination. He said the workgroup also was recommending moving Customer Service and Accessible Service, along with Point2point, under Operations as their work was largely service delivery.

Ms. Jackson added that Government Relations would also reside in the Public Affairs Department, thereby combining all of LTD's messaging points into a unified, cohesive work group with an intentional message that could respond to the community's need for information in a timely and transparent manner. She noted that Eugene Water & Electric Board was adopting a similar structure for the same reasons as LTD.

Mr. Yeh supported the recommendations and commended staff for their work. He asked if the director of public affairs would report to the general manager. Ms. Jackson said the position would report to her, and since Mr. McGlone already reported to her directly, he would assume those duties.

Mr. Yeh asked how the public would be able to provide input to the agency. Ms. Kester said that two-way communications were essential, and the new structure would focus on encouraging public and stakeholder engagement as well as messaging. This would result in a better understanding of LTD's value to the community.

Ms. Jackson commented that although service had been increased, it was not reflected in a return of ridership; the new department's focus on building ridership and gathering information to help inform service planning was a step in that direction.

2016 Business Commute Challenge Report — Point2point Business Commute Challenge/Outreach and Special Events Coordinator Cammie Harris described new marketing techniques that had increased participation in the 2016 event.

Mr. Necker left the meeting at 7:30 p.m.

Ms. Harris presented the results of the 2016 Business Commute Challenge, including:

- 2,821 participants, representing a 9 percent increase over 2015, with 1,186 new participants
- Miles traveled by mode, with a 17 percent increase in transit miles
- Use of a new mode during the challenge

- Partnerships and cash sponsorships
- Attendance at various events during the Challenge

Ms. Harris said that all participants received a post-event survey designed to ascertain mode shifts and the level of satisfaction with the event. The survey had a 25 percent response rate. A six-month post-event survey also would be e-mailed to participants, and the results would be reported to the Board.

Mr. Yeh praised the Business Commute Challenge and said it would have impacts in the community for years to come.

FY 2017-2026 Capital Improvements Program (CIP) — Ms. Jackson distributed a master list of all capital improvement projects and said the information would be presented to the Budget Committee at its September 6 meeting; the Board would take action on the CIP at its September 21 meeting.

Monthly Financial Report — Mr. Wildish asked why Personnel Services expenditures in the General Fund were at 60 percent of budget. Ms. Jackson replied that the report was only through May 31 and, therefore, missing one month. She said that the figures were unaudited and adjustments would be made as the fiscal year was closed out. The significant difference could also be attributed to LTD's practice of fully budgeting all positions at 100 percent. Extensive personnel recruitment in the current fiscal year would result in less discrepancy between budgeted and actual expenditures.

Mr. Wildish asked if the Capital Projects Fund deficit was the result of slow reimbursement of grant expenditures. Ms. Jackson said that it was a timing issue and at the time the report was prepared, reimbursements had not yet been received; that would be normalized in the audited report. Ms. Jackson pointed out that the supplement budget and new policies and procedures would result in a more easily understood financial report in the future.

Monthly Report of Executed Contracts - July — Ms. Jackson noted that the report would be refined each month. There were no questions from the Board.

Monthly Cash Disbursements - July — Mr. Wildish observed that the payments to Special Mobility Services illustrated the fluctuations with which RideSource had to contend. Ms. Jackson added that it was also a matter of when invoices were submitted.

Monthly Performance Reports — Ms. Jackson reported that the declining ridership trend was continuing.

Monthly Grant Report — There were no questions.

Monthly Department Reports — There were no questions.

Other Business — Mr. Nordin announced that Medford was receiving a *ConnectOregon* VI grant that included a solar project, and he encouraged staff to work on an application for LTD. Ms. Jackson offered that a tour of facilities that currently had electric vehicles would

occur during the American Public Transportation Association conference, and participants would have an opportunity to ask questions about the use of solar power.

Mr. Gillespie announced that Camille Gandolfi was leaving LTD to return to college. Board members and staff thanked her for her service and wished her well. Ms. Gandolfi expressed her appreciation for the support she had received and said it had been an honor and privilege to work for LTD.

ADJOURNMENT - Mr. Gillespie adjourned the meeting at 7:56 p.m.

LANE TRANSIT DISTRICT:

ATTEST:

Ed Necker
Board Secretary

Jeanne Schapper
Clerk of the Board

Date Approved: _____