

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL BOARD MEETING/WORK SESSION

Monday, October 10, 2016

Pursuant to notice given to *The Register-Guard* for publication on October 6, 2016, 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/work session on Monday, October 10, 2016, beginning at 5:30 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

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

Absent: Julie Grossman

**CALL TO ORDER/ROLL CALL:** Mr. Wildish convened the meeting and called the roll at 5:31 p.m.

**PRELIMINARY REMARKS BY BOARD PRESIDENT:** Mr. Wildish thanked those present for attending the special meeting.

**ANNOUNCEMENTS:** There were no announcements.

**WORK SESSION:**

**Fares and Fare Management:** Assistant General Manager Service Delivery Mark Johnson said that studies of a fare-free transit system had been conducted in 1999 and 2008, and now was an appropriate time to revisit the topic. He reviewed the results of a 2012 Transit Cooperative Research Program (TCRP) study of fare-free systems. He said justifications for a fare-free system included increased ridership, the cost of collecting fares, improved running times, reduced congestion, reduced cost for commuters, and social equity.

Mr. Johnson explained that there were three types of services where fare-free systems worked:

- 1) Small rural systems: Often begin as a free service; the cost of collecting revenue outweighs the revenue collected; lost fare on rural systems is often covered by the Federal Transit Administration (FTA); systems have low to moderate ridership.

- 2) Resort community systems: Seasonal peaks; short trips; community expectations; increased road capacity during tourist season; tourist taxes often pay for service.
- 3) University community systems: Fares/revenue covered by a third party; 75 percent or more of riders are students with prepaid fares; low fare collection outside the university; cost of collection outweighs revenue; typically small systems.

Mr. Johnson used a table to compare fare-free systems in several university communities. He noted that the systems had significantly lower ridership than LTD. In response to a question from Mr. Yeh, he said the systems were supported by contributions from the educational institution and often a local sales tax. He said Corvallis levied a city service fee to support its system, which was also much smaller than LTD's.

Reviewing a summary of the TCRP analysis, Mr. Johnson said the largest jurisdictions currently providing fare-free service had populations of about 175,000. He said being fare-free made the most sense for systems with low farebox recovery ratios, and FTA 5311 grant funds to small and rural systems were reduced by the amount of fares the system collected. Fare-free public transit in resort communities was regarded as a vital component of making the communities attractive to visitors. In some states, some of transit's financial support was determined by formula, including total ridership. Attracting more riders with free transit brought in more state funding.

Mr. Johnson noted some negative aspects of offering fare-free service, such as the need for additional maintenance, security, and possibly equipment. In LTD's case, that would mean giving up about \$7 million in revenue and reducing service, while ridership increased. The increased ridership tended to be current customers riding more frequently, with a small shift of customers from other motorized modes.

Mr. Johnson summarized the impacts on LTD of converting to a fare-free system:

- Loss of \$7.5 million in revenue
- Increased public safety costs
- Increased ridership
- Saves the costs of fare collection
- Political fallout - perception that transit customers don't pay their way

Mr. Necker asked if people seeking shelter by staying on buses would contribute to the increased public safety costs. Mr. Johnson said the current premise was that someone had to be doing business with LTD to be on the District's property. If fares were eliminated, there would be no ability to make that distinction, and public safety issues would need to be managed very differently.

Mr. Johnson said impacts on existing service included:

- Loss of revenue resulting in a reduction of service if another funding source was not found
- Overloads during peak times would increase
- Decrease in choice riders due to overcrowding
- Increase in problem passengers
- Increased cost of paratransit and reduction of revenues (\$350,000)

In response to questions from Mr. Gillespie and Mr. Nordin, Mr. Johnson said that paratransit fares were limited to no more than twice the fixed-route fare. While paratransit services were subsidized, a fare-free system would increase the demand for paratransit services, which were much more costly to provide than fixed-route trips. Mr. Necker pointed out that paratransit services did not pay for themselves; the District had to support the services with General Fund money.

Ms. Pierce commented that the legislature attempted to pass a transportation package during the last legislative session included a personal payroll tax that would secondarily increase LTD's revenue. She asked what the estimated revenue would be if the legislature were able to pass the legislation during the next session. Director of Public Affairs Edward McGlone estimated the increased revenue at \$7 million annually, which could offset the cost of a fare-free system. He said that a number of legislators who would be considering transportation legislation had expressed concern with LTD going to a fare-free system and were studying the farebox recovery rates of the state's transit districts.

Mr. Gillespie noted that the District already had a fare-free system for about 50 percent of its riders, including university students and group pass holders. He said that the question was how to achieve a fareless system for all riders.

Mr. McGlone said that there was a proposal before the 2015 Legislature to restore the student group pass program; and although it did not pass, a student transportation work group was formed to re-examine the concept. He said it would be possible to identify some groups that could be transitioned to a group pass program, moving LTD closer to a fare-free system by collecting fares in a different way, rather than at the door of the bus.

Mr. Johnson said that LTD could not absorb a significant revenue loss. Staff recommended continuing to operate a fare system under current conditions, while developing a fare policy with specific goals in mind to provide clarity on what the Board wanted to accomplish with a fare-free system.

Mr. Nordin said that he felt that those riding the system should invest in it in some fashion, and that opinion was shared by businesses that supported the system through taxes. Paying for service would exclude aimless riders. Mr. Nordin added that things provided for free were often perceived as having no value.

Mr. Necker agreed with the staff recommendation to stay with the current fare system - given the current political climate, the potential reduction in service, and the lack of an alternative revenue source; but he advised revisiting the matter in the future.

Mr. Yeh said his interest in the topic was based on the District's study of, and investments in, fare recovery and a desire to see if there was a better way to operate, as well as to simplify the system.

Mr. Johnson encouraged a Board discussion of its goals with respect to fare structure as there were many strategies to consider in addition to going fare-free. He thanked staff for researching the subject.

Mr. Gillespie stated his support for continuing to pursue the topic of a fare-free system sometime in the future.

In response to a question from Mr. Nordin, Ms. Jackson noted that a future presentation to the Board would address fare management. She said that LTD had an opportunity to join TriMet in a pilot program, and many transit districts were exploring upgrades to their fare management systems. She said LTD's Group Pass Program was very successful, and more research was necessary to avoid any negative impacts from a new system. Group pass programs appeared to be fareless (although fares were still being paid) and had the lowest cost to the user with the greatest benefit to the community. The District would continue to research options that would work well for the District and provide a seamless system to the community. She added that a placeholder was included in the Capital Improvements Program (CIP), and LTD could potentially be moving toward a new fare management structure as early as next year.

Ms. Pierce stated her preference for a phased approach while the Board developed its intent regarding the fare system.

Mr. Gillespie suggested a "Pay what you think the service is worth" day to determine what value people placed on transit.

Mr. Wildish said fare recovery was important from a political standpoint. LTD's fare recovery was 17 percent, TriMet's was 26 percent, and fare recovery rates around the country ranged above and below those percentages. He noted that LTD was funded differently from most agencies, with 75 percent of its revenue coming from the payroll tax. Businesses paying that tax were interested in seeing a reasonable rate of recovery from the farebox. He said that he appreciated the information provided from staff and that he hoped to see future discussions by the Board.

**Eugene Airport Connector Service:** Director of Planning and Development Tom Schwetz noted that representatives from LTD's partner agencies in the connector service (Jennifer Hayward, Lane Community College (LCC); and Casey Boatman, City of Eugene) were present to respond to questions. He said that the one-year pilot project was to provide a connector service from Route 95 to the Eugene Airport. LCC classes were held at Lane Aviation Academy at the airport, and Eugene had a contract for shuttle services. The partners split the program cost of \$100,000 evenly among them.

Mr. Schwetz reported that over the course of the past year, the service carried approximately 2,500 people, which equated to about \$40.00 per ride. A survey of riders indicated that the connector was used primarily by LCC students attending the Aviation Academy and travelers flying out of the airport. Riders expressed concern that the service did not depart early enough or operate late enough and did not meet needs, resulting in very poor performance. The partners, after reviewing performance data, had decided to discontinue the service on November 30, 2016. He said LTD would work with Point2point Solutions to find ways to transport students to the airport. He said the City's land use plans identified the vicinity of the airport as an area of future growth; so at some point, the area could become an employment center and better market for transit.

Mr. Wildish agreed that the cost of the connector was too high. He suggested that LTD continue to work with the City on providing specific services to respond to special events such as the 2021 track championships. He said that he doubted that longer hours of service would have made a significant impact on the route's productivity.

Mr. Schwetz recommended reading Jarrett Walker's article, *Keys to Great Airport Transit*, which laid out principles for service.

Marketing and Communications Manager Meg Kester shared that the survey of riders indicated that the wide range of shift times and changes made it difficult for many airport employees to use the connector because of its limited span of service.

Mr. Boatman and Ms. Hayward expressed their appreciation for LTD's partnership on the connector pilot project. Both said that they looked forward to continuing to work with LTD on commuter solutions.

**Public Safety:** Mr. Johnson introduced the topic as a continuation of the Budget Committee's discussion regarding bringing public safety officers in-house rather than contracting for the service. In response to the Board's request, staff had done further research on several aspects of the proposal, and the evening's presentation would provide information on several areas of concern.

Public Safety Services Manager Frank Wilson described his background in public safety and law enforcement, including transit security. He said that he was hired by LTD in 2014 to assure a safe, comfortable transit system. He said the next logical step in that process was to stop contracting for essential staff and bring those employees in-house. He said that security contractors needed to maintain profit margins, and the demand for public safety services in the workplace was increasing nationally. There were only three security contracts in the local area and their prices were increasing. LTD had the ability to hire, train, and deploy officers based on the District's specific needs.

Ms. Pierce asked how LTD would recruit quality applicants. Mr. Wilson said that it would not be difficult to recruit desirable candidates because LTD would offer a living wage pay scale and benefits package, making LTD employment a career, not just a job. Security contractors had a difficult time recruiting and retaining employees because of low wages and lack of benefits. He said that he felt that many current G4S employees and retired law enforcement officers would be interested in applying for the LTD positions.

Mr. Gillespie asked how much above what G4S paid for actual wages was LTD charged for the contracted services. Mr. Wilson said it was about a 55 percent increase, and turnover was a chronic problem for G4S.

Mr. Wildish said a Budget Committee member had commented on the fact that LTD staff provided exceptional customer service and established excellent relationships with riders. The public safety employees proposed as LTD employees would be representing the District throughout the system and could be trained in LTD's organizational, customer service-oriented culture. He noted that the public safety officers would have authority only on District property, and there would be less risk to the District with employees receiving LTD training in how to respond to customers and the public.

Mr. Wilson described G4S training protocols and compared them to the training that LTD would provide, including training provided by the Lane County Sheriff's Reserve program that was not available to private contractors. He said that also applied to other state and federal sources of training. He said training would also be developed based on LTD's needs.

Mr. Yeh stated his support for bringing public safety officers in house.

Mr. Gillespie also stated his support for bringing officers in house, as being an LTD employee would provide much more ownership of the job than being part of a contracted service. He asked if the positions would be salaried or represented. Mr. Wilson said that initially the positions would be administrative, with two positions exempt.

Ms. Pierce asked if the number of public safety positions would remain consistent at 14.5 full-time equivalent (FTE). Mr. Wilson said that the numbers would stay consistent during the current year, but would likely increase when the West Eugene EmX route became operational. He added that the Federal Transit Administration (FTA) published a security manpower planning model; and based on that, 20 FTE were recommended for LTD's system. He planned to use existing resources to the fullest extent possible.

Ms. Pierce said there had been considerable public push back when the subject of bringing security officers in-house was raised last year. She asked if there had been any discussions or outreach to the community since that time. Mr. Wilson said that the earlier discussion had addressed establishing a transit police department with armed police officers working for the District. The current proposal was not likely to generate the same negativity but would need to be a transparent process from the public's perspective.

Ms. Pierce offered that LTD had struggled with public perception in the past; and while things had improved, it was important to keep the public well informed about any changes. Mr. Wilson said that he agreed, adding that the Public Affairs staff could make sure the information was made available in a way that was sensitive to public concerns.

Mr. Necker left the meeting at 7:19 p.m.

Ms. Pierce asked what the timeframe would be for transitioning to in-house officers. Mr. Wilson said that he did not want to renew the G4S contract, which would expire on December 31, 2016. While that seemed fast, he said that the issue had been discussed for some time and the transition had been worked into the budget.

Ms. Jackson asked for information on the implementation and messaging plan that would be in place before the matter was brought back to the Board.

Mr. Wilson said that Human Resources staff had already developed positions descriptions, qualifications, and job announcements. Once the Board approved the proposal, recruitment would begin. He described the interview and screening process, noting that the lieutenant, sergeant, and administrative positions could be filled within two weeks. He added that recruitment would be competitive and both internal and external candidates.

Mr. Wildish and Mr. Yeh asked for a detailed budget, even though the proposal was budget neutral.

Ms. Jackson said that staff needed to understand messaging issues and concerns associated with the proposal.

Board members offered the following concerns raised by the public:

- Complaints from parents received at an earlier Board meeting about their children being taken off the bus.
- Security officers being armed.
- Use of police officers.

Mr. Gillespie suggested a media event to announce the transition. Mr. McGlone said that the reconfiguration of a Public Affairs Department would allow for better coordinated and consistent messaging; and if the Board approved the proposal, there were many strategies for informing the community in a proactive manner and working with the media.

In response to a question from Ms. Pierce, staff indicated that if the Board made a decision on the proposal at its regular October meeting, that there was sufficient time to accomplish the necessary messaging and the recruitment and employment of staff prior to the expiration of the G4S contract.

Board members indicated that, with receipt of this additional information, they felt comfortable making a decision at the October 19, 2016, meeting.

Mr. Yeh asked for an organizational chart with an explanation of the duties of each position, implementation timeline, and highlights of the training that would be provided to public safety personnel.

Mr. Wilson said that he planned to engage community groups and organizations in the recruitment process to improve the diversity of security personnel.

Mr. Gillespie said that Seattle Transit had a riders' blog and suggested that staff review it. Mr. McGlone said that Communications staff had been exploring how to establish a riders' blog on the LTD website.

**ADJOURNMENT:** There being no further business, Mr. Wildish adjourned the meeting at 7:45 p.m.

LANE TRANSIT DISTRICT:

ATTEST:

\_\_\_\_\_  
Ed Necker  
Board Secretary

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Jeanne Schapper  
Clerk of the Board

Date Approved: \_\_\_\_\_