

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

February 7, 2007

Pursuant to notice given to *The Register-Guard* for publication on February 5, 2007, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on February 7, 2007, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Mike Dubick, Dean Kortge

ABSENT - Debbie Davis

CALL TO ORDER – Mr. Kortge, chair of the committee, called the meeting to order at 4:02 p.m.

ROLL CALL – It was noted that Mr. Dubick and Mr. Kortge were present. The following LTD staff also attended: Diane Hellekson, Mark Pangborn, Carol James, Todd Lipkin, Stefano Viggiano, Mary Adams, Andy Vobora, and Chris Thrasher.

MINUTES – The minutes of the January 10, 2007, meeting were approved.

LONG-RANGE FINANCIAL PLAN – Ms. Hellekson distributed three versions of the Revised Long-Range Financial Plan:

- Personnel services growth at 5 percent, \$150,000 additional administrative personnel, and additional 1 percent service adjustment in Year 1
- Personnel services growth at 5.5 percent, \$150,000 additional administrative personnel, and additional 1 percent service adjustment in Year 1
- Personnel services growth at 6 percent, \$150,000 additional administrative personnel, and additional 1 percent service adjustment in Year 1

She also distributed copies of Key Assumptions: Base Version, which outlined assumptions for revenues, operating requirements, additional service, and transfers to capital.

In regards to revenues, Ms. Hellekson stated that assumptions were made that fares in FY 2007-08 would increase at 1 percent due to pass fare increases in July 2007 and with Student Transit Pass Program changes over current year. An adjustment to 4 percent would generate approximately \$150,000 more in revenues.

Overall payroll tax-related revenues were assumed to grow at 5 percent per year due to major construction projects in the area (RiverBend Hospital, I-5 bridges, Beltline/I-5 Interchange). In addition, the payroll tax rate would increase .02 percent on January 1, 2007 and 2008, and .01 percent on January 1, 2009, 2010, 2011, 2012, 2013, and 2014.

Mr. Viggiano told the Committee that the Student Transit Pass Program might be discontinued next year. If so, schools would be required to purchase passes through the traditional group pass program and apply for the Oregon Department of Energy's Business Energy Tax Credit (BETC)

directly. Ms. Hellekson stated that the Student Transit Pass Program, in its third year as a demonstration project, has been extremely popular.

Ms. Hellekson reported that New Starts/Small Starts funding of Pioneer Parkway EmX would be at 80 percent. Previous versions of the Capital Improvements Program and Long-Range Financial Plan assumed 60 percent federal funding. The new assumption eliminated the need to debt finance 20 percent of the local match.

In regards to operating requirements, estimates were based on the budget for the current year. Current personnel services through December 2006 were under budget, but did not include EmX service. Fuel through December 2006 averaged \$2.26/gallon. Personnel services expenses were projected to increase 5 percent per year with no additional personnel assumed. Materials and services (excluding fuel) expenses were projected to increase 2 percent per year. Fuel was projected to increase 3 percent annually.

Mr. Kortge asked about expenses for upkeep on the buildings. Ms. Hellekson stated that major remodels are included in the Capital Improvements Program.

Ms. Hellekson stated that transfers to the Accessible Services Fund were projected to increase 5 percent in FY 2007-08; 6 percent in FY 2008-09, FY 2009-10, and FY 2010-11; and 8 percent thereafter.

In response to a question from Mr. Kortge, Ms. Hellekson stated that LTD has requested additional cigarette tax money in the current legislation to help fund the Accessible Services program.

Ms. James noted that RideSource rides starting and ending within the free-ride EmX corridor are also free rides. Mr. Vobora estimated 100 trips per week at \$2.50 per ride.

In regards to additional service, Ms. Hellekson stated that the plans assume 2 percent annual growth in FY 2007-08 and 1 percent thereafter. Mr. Vobora stated that the 11 Thurston route has shown a 12-15 percent increase in ridership since the implementation of the Franklin EmX, and staff propose to increase the frequency to 10 minutes from 2:00 p.m. to 6:00 p.m. Also, an additional 4,750 service hours for RiverBend Hospital service are proposed starting in FY 2008-09 and an additional 4,750 service hours for Pioneer Parkway EmX Corridor service starting in FY 2009-10.

The plans also reinstate transfers from the General Fund to the Capital Projects Fund in FY 2007-08. Transfers in FY 2007-08 (Year 1) and FY 2008-09 (Year 2) are based on successful United Front discretionary requests.

The only difference in the three plans is the growth of personnel services.

Ms. James referred the Committee to a summary sheet of the Long-Range Financial Plan (LRFP), which was included in the handout materials. The summary sheet showed projections for ending working capital in the General Fund at an annual increase in personnel services at 5 percent, 5.5 percent, and 6 percent. For the 5.5 percent scenario, transfers to the Capital Fund would end in Year 7; for the 6 percent scenario, transfers would end in Year 5. Ms. Hellekson stated that LTD policy requires a maintenance of \$3 million in operating reserves, although the Board has discussed changing the policy to \$2 million.

Ms. James referred the Committee to the Capital Projects Summary, which also was included in the handout materials. The scenario showed a \$2.3 million balance at the end of Year 8 with Pioneer Parkway EmX funded at 80 percent/20 percent match. This scenario would not require borrowing money and was an improvement over the previous scenario approved by the Board.

Ms. James explained how the details of the LRFP and Capital Improvements Program (CIP) were structured.

Mr. Kortge and Mr. Dubick approved amendments to the CIP, which would be forwarded to the full Board for approval. They also recommended taking the 5.5 percent version of the LRFP to the full Board for approval, along with a summary page showing the 5 percent and 5.5 percent scenarios and the key assumptions handout.

BUDGET DEVELOPMENT UPDATE – Ms. Hellekson distributed copies of the budget development calendar. Procedures that require a lot of staff time included proposed reclassification of positions and proposed new positions. Ms. Hellekson pointed out that budgeting is a year-round activity.

An orientation meeting for the citizen members of the Budget Committee would be scheduled for early April. Budget Committee meetings would be held on April 25 and April 26.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 5:03 p.m.

(Recorded by Chris Thrasher, Lane Transit District)