

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL BOARD MEETING/WORK SESSION

Monday, June 11, 2007

Pursuant to notice given to *The Register-Guard* for publication on June 7, 2007, 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 on Wednesday, June 11, 2007, beginning at 5:30 p.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Gerry Gaydos, President, presiding
Susan Ban, Vice President
Debbie Davis, Treasurer
Michael Dubick
Greg Evans
Mike Eyster
Dean Kortge, Secretary
Mark Pangborn, General Manager
Jeanne Schapper, Administrative Secretary
Lynn Taylor, Minutes Recorder

CALL TO ORDER/ROLL CALL – Mr. Gaydos convened the meeting and called the roll.

PRELIMINARY REMARKS BY BOARD PRESIDENT – Mr. Gaydos thanked everyone for attending the meeting.

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA – There were no announcements or additions to the agenda.

PRESENTATION BY UNIVERSITY OF OREGON ECONOMIC DEPARTMENT STUDENTS: PAYROLL TAX REVENUE ANALYSIS AND UNDERPAYMENT PREDICTION – Mr. Pangborn introduced Accounting Manager Carol James.

Ms. James stated that one of her responsibilities was to track payroll tax receipts and while those were closely monitored, there was always a question as to whether or not LTD was receiving the revenue it should be from employers in the community. She introduced University of Oregon Department of Economics students Raymond Morris and David Walter, who conducted a study of payroll tax receipts, and their professor, Tim Duy.

Mr. Morris presented an overview of the project. He stated that payroll taxes represented 70 percent of LTD's total revenue, totaling \$23 million in 2005. He said the purpose of the project was to determine if all firms or industries were paying the required amount. He explained the methodology used to analyze revenue trends and conduct a statistical analysis in order to determine which industries might be underreporting. He said that data for the project included monthly reports of tax collected, sorted by NAICS (North American Industrial Classification System), and provided by the Oregon Department of Revenue, and quarterly wages paid in Lane County provided by the Bureau of Labor and Statistics (BLS). He used a chart to compare 2002

and 2005 tax payments by the top 15 firms. He said that most firms demonstrated an increase in payments, and instances of decrease could indicate underpayment; although there could be mitigating factors, such as mismatched data.

Mr. Walter explained the methodology for determining the tax ratio by comparing the total amount of taxes paid with the total amount of wages reported. He said the ratio should be close to the benchmark of .6 percent. He said that missing data or misclassification were the likely reasons for significant deviations, and the data was aggregated to the two-digit NAICS code to reduce errors based on misclassification. He said the analysis concluded that \$70,000 to \$140,00 in quarterly revenue was lost; although that could not be more definitively explained without access to firm-specific data from BLS, and that data was confidential and not available for analysis.

Mr. Morris said that based on the data provided, there appeared to be an overall annual underpayment of approximately \$460,000; although he cautioned against assigning a specific dollar amount because of the misclassification errors they had encountered throughout the analysis, both at the specific industry and aggregated levels. He encouraged the Board to regard the analysis as a tool for focusing a more direct analysis on specific industries or firms that appeared to be underpaying.

Mr. Dubick asked if misclassification errors related to whether specific employees' wages were subject to the payroll tax. Mr. Morris said that misclassification meant inaccurate classification of a firm by industry, resulting in a deviation when calculations were made between the tax amount paid and the wages as a firm were classified one way by the Department of Revenue and another by BLS. He said that also made it difficult to determine which firms were underpaying or underreporting.

Mr. Kortge asked if discrepancies could occur when a firm doing business in several locations around the state might report wages in the wrong county. Mr. Duy said that could certainly occur, but underpayment was still an issue. He said the construction industry was a good example of how misclassification and misreporting could occur, with work being done in multiple locations and employees in many categories. He reiterated that it was difficult to make assumptions about underpayment without more specific data from BLS, and individual business data was considered confidential by statute.

Mr. Dubick asked who was responsible for educating new business about the payroll tax requirement. Ms. James replied that the Department of Revenue would be responsible. Mr. Pangborn added that the firm's accountant was also responsible for knowing the law. He commented that, anecdotally, when firms did not pay the tax, it was primarily because they were unaware of the requirement. He suggested a more in-depth discussion with Mr. Duy in the fall to determine if available statistics would allow for a more focused analysis.

Mr. Kortge thought that it would be to LTD's advantage to expend some resources to investigate further.

Mr. Gaydos thanked Mr. Morris and Mr. Walter for their analysis and presentation.

PIONEER PARKWAY DESIGN PROCESS – Mr. Pangborn presented an EmX commemorative plaque to Facilities Services Manager Charlie Simmons.

Mr. Simmons observed that the Pioneer Parkway EmX represented a new era for LTD because it was funded through Small Starts, which meant an entirely new set of oversight and reporting requirements. He said a construction grant agreement would be entered into at a point when scope of design and cost estimates were well established, because doing so would freeze the project cost and any overruns would be the responsibility of LTD.

Mr. Kortge asked what would happen if the project came in under budget. He wondered if there was flexibility to provide performance incentives for early completion. Assistant General Manager Stefano Viggiano said that LTD was still responsible for 20 percent of the project cost, whatever that amount was. He would check into whether performance incentives were allowed.

Mr. Simmons said that as a new element, Small Starts would supply a project oversight consultant who would provide oversight. He said LTD was one of the first Small Starts grantees and many aspects of project oversight and management would be worked through with the federal agency as the project moved forward.

Mr. Kortge asked if LTD would pay for the project oversight consultant. Mr. Pangborn said that would be part of the project budget. Grant Administrator Todd Lipkin added that, as one of the first grantees, LTD might be able to help develop some of the procedures.

Mr. Simmons said that LTD staff had been working with designers and staff from the City of Springfield, Oregon Department of Transportation (ODOT), and Lane County to identify design issues and a resolution process. He said Pioneer Parkway was three projects in one: Gateway Station, International Way, and the Pioneer Parkway corridor and stations. He said that Lane County was doing the design for the International Way component and that would get the County involved and help to develop local expertise on bus rapid transit and EmX. He said LTD would contract with the County for the design services. He said the County would also assist LTD with property acquisition.

Ms. Ban asked if Lane County was designing all project components. Mr. Simmons said that was considered, but staff believed that private consultants had done an excellent job on the first phase, and design tasks would be divided between the County and consultants.

Mr. Simmons said that jurisdictions, consultants, and LTD staff had developed lists of potential design issues; some of the issues overlapped and others were different. He said the first months of design would be spent trying to resolve those issues and develop alternatives that all parties could agree on. He listed examples and discussed details of some design issues, including:

- Bridge expansion over the waterway south of I-105
- Potential Park and Ride on International Way
- Station location at Pioneer Plaza
- Station locations along Gateway Street and Harlow Road

Mr. Simmons said the project management team was a core group of LTD staff and consultants. He said that an internal staff group would be looking at key operational areas such as service planning, operations, fleet, marketing, information technologies, and accessibility.

Mr. Eyster asked if more vehicles would be needed, based on experience with the first EmX corridor. Mr. Simmons replied that the first issue to be considered was the number of vehicles required. He said the experience on the Franklin Corridor would help determine the appropriate number of vehicles. He said the additional vehicle on that corridor proved to be essential.

Mr. Simmons presented a tentative project timeline but cautioned that there were many factors to be considered; those included federal oversight, approval processes for the different jurisdictions, permitting, and other factors. He thought it would be difficult for the corridor to be operational before 2010.

Mr. Evans asked if staff had discussed EmX services with the hospital in view of the hospital's construction of a parking facility that would accommodate virtually all employees and visitors. Director of Service Planning, Accessibility, and Marketing Andy Vobora said that the hospital now recognized the potential revenue loss if parking were free, and now planned to charge for parking at both of its campuses.

Mr. Pangborn announced that the Board would meet jointly with the Springfield City Council in the fall.

MOTION EXECUTIVE SESSION PURSUANT TO ORS 192.660(2)(d), LABOR NEGOTIATIONS -
Mr. Kortge moved that the Board meet in Executive Session pursuant to ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. Mr. Evans provided the second.

VOTE The motion was approved as follows:

- AYES: Ban, Davis, Dubick, Evans, Eyster, Gaydos, Kortge (7)
- NAYS: None
- ABSENCES: None
- EXCUSED: None

The Board entered Executive Session at 6:45 p.m. Members of the District's negotiating team were present for this discussion with the Board.

RETURN TO REGULAR (OPEN) SESSION – The Board returned to regular session at 7:44 p.m.

Mr. Dubick inquired about Board members' participation on EmX subcommittees. Mr. Pangborn advised that the subject would be discussed during the June 20 regular Board meeting.

The meeting adjourned at 7:45 p.m.



Board Secretary