

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

December 12, 2007

Pursuant to notice given to *The Register-Guard* for publication on December 10, 2007, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on December 12, 2007, at Lane Transit District, 3500 East 17th Avenue, Eugene.

PRESENT - Mike Dubick, Dean Kortge, Debbie Davis

CALL TO ORDER – Mr. Kortge, chair of the committee, called the meeting to order at 4:00 p.m.

ROLL CALL – All committee members were present. The following LTD staff also attended: Diane Hellekson, Mark Pangborn, Carol James, Stefano Viggiano, Andy Vobora, Todd Lipkin, and Chris Thrasher.

MINUTES – Mr. Dubick noted a misspelled word on page 2, first paragraph under 14th Avenue Bike Path Security Cameras, of the August 16, 2007, minutes. The word “seized” should be replaced with “ceased.” Mr. Dubick moved, seconded by Ms. Davis, to approve the minutes as amended. The minutes were approved.

GARFIELD PROPERTY SALE/LEASE – Mr. Viggiano, assistant general manager, stated that the City of Eugene expressed interest in purchasing a portion of the RideSource property on Garfield Street in Eugene for a new Eugene Police Station.

Based on an estimated 20-year projection of fleet growth at the RideSource facility, approximately 3.5 acres could be available for sale or lease, which is of sufficient size for the Eugene Police Station. This 3.5 acres was once considered by LTD for use as a satellite facility based on an analysis of bus “deadheading” patterns. If sold or leased, the property would need to be repartitioned or the existing property line would need to be adjusted.

The committee discussed the advantages and disadvantages of a possible sale or lease of the property as outlined in a summary sheet included in the agenda packet. The committee agreed to recommend to the full Board pursuing the lease of the Garfield site to the City of Eugene.

PRICING PLAN – Mr. Vobora, director of service planning, accessibility, and marketing, distributed a handout, which included information on a pricing proposal summary, peer group fare comparison, pricing history, consumer price index (CPI) and group pass increases, and fare media relationships.

Mr. Vobora gave the committee a heads up that staff would be discussing with the Board Service Committee a request from the Olympic Trials Committee to renegotiate the service price. Changes included an increase in service hours from 1,000 to 1,600 and a new direct variable cost rate of \$65 per hour.

In regards to the pricing plan, Mr. Vobora stated that cash fares were in rotation to increase on July 1, 2008. Staff proposed increasing the cash fare from \$1.25 to \$1.50 for adults and from \$.60 to \$.75 for the reduced fare categories. Cash fares have not changed since 2001, and

current budget pressures are leading staff toward a greater increase. According to the peer comparison table, \$1.50 would put LTD in the top third for cash fare.

An increase in cash fares also impacts the price of day passes with a proposed increase from \$2.50 to \$3.00 for adults and from \$1.20 to \$1.50 for the reduced fare categories. RideSource regular fares would also increase from \$2.50 to \$3.00.

Staff also proposed the following:

- An 8.8 percent increase in group pass rates effective January 1, 2009, based on a three-year rolling average
- Elimination of the \$19.95 summer youth pass for July and August – The student pass program provides free ridership from September 1 through June 30. Only 1,550 passes were sold last year compared to approximately 3,000 sold in previous years. Cost to promote the program is close to the revenue received from sales of the pass.
- Reduce the Honored Rider age from 70 to 65 years of age and expand the adult fare category to include anyone age 19 through 64 – The committee recommended yearly step reductions and increases and requiring presentation of an honored rider card to the bus operator.
- Increase holiday taxi reimbursement from \$10 to \$20 toward purchase of a fare instrument – Annual cost would be approximately \$800.

The Associated Students of the University of Oregon (ASUO) group pass contract continues to be negotiated outside the standard group pass pricing structure. LTD's ASUO budget request for the 2008-09 school year would bring the per term price in line with the price paid by all other LTD group pass organizations. The ASUO budget request asks for an increase from \$12.48 per student per term to \$13.89 per student per term. A hearing with the ASUO will occur in January 2008.

Mr. Vobora added that staff, upon the request of the City of Eugene, would be researching the feasibility to provide free fares system-wide. Preliminary research has found that only a few transit systems provide free service: City of Wilsonville, Island Transit in northern Washington, and a system in Belgium.

In 2005, the Board approved validation of monthly passes through the third of the next month so that people who receive Social Security and disability checks could ride until they were able to purchase the next month's pass. This action was never publicized to the public but bus operators have been informed of the policy through operator training. This has resulted in inconsistencies. Staff wondered if it should be included in the Fare Policy. Today, Social Security checks are issued throughout the month; although, disability checks are still issued at the beginning of the month. Mr. Pangborn suggested surveying bus riders as well as bus operators. The committee preferred to try to improve the inconsistencies through operator training. Staff would do more research before addressing the full Board.

The Committee agreed with staff recommendations and the proposed pricing plan recommendation would be presented to the full Board in January 2008 followed by public hearings in February and March 2008.

BUDGET DEVELOPMENT – Ms. Hellekson, director of finance and information technology, stated that there are a number of unresolved issues and assumptions that affect the preparation of the revised Long-Range Financial Plan, revised Capital Improvements Program, and ultimately the FY 2008-09 Proposed Budget. These issues include the following:

- Assumed rate of growth of tax receipts – Staff is not in a position to make that determination at this point. To date, payroll tax receipts are as expected. There is concern though that compliance is not as it should be, and staff is considering analyzing payroll tax receipts in February.
- Reserve requirements – The Board policy requires maintaining \$3 million in the operating fund at all times broken out as follows: \$1 million for current-year working capital, \$1 million for future-year working capital, and \$1 million for self-insurance reserve. LTD has been able to easily maintain \$3 million in reserves. Staff is researching the pros and cons of reducing reserve requirements to \$2 million.
- Service allocation – Staff is looking at a strict control of service growth. However, new service for Pioneer Parkway EmX and the RiverBend Hospital will require service changes.
- Debt Policy – Staff is considering debt financing all future vehicle purchases using formula funds, which would require that the Debt Policy be revised.
- Future vehicles – A decision will need to be made regarding the type of vehicle to purchase in the future. The Board and staff prefer hybrids, but currently there is a substantial premium on hybrid vehicles.
- ATU contract – The cost of the new contract should be determined soon.

Ms. Hellekson stated that it is critical to control the growth of personnel services in conjunction with payroll tax receipts.

In regards to reserve requirements, Ms. James, accounting manager, stated that it is important to be able to respond quickly if payroll tax receipts should decrease. One response would be to cut service, but it is difficult to cut service quickly. Staff is encouraged by the number of current construction projects which contribute to payroll tax receipts. Mr. Vobora stated that due to a 17.5 percent increase in ridership in November from last year, there would need to be service adjustments.

In response to a question from Mr. Dubick, Ms. Hellekson stated that LTD contributes to the retirement fund every pay period. The contribution is calculated by an amount determined by the actuary times the number of hours worked for the ATU hourly plan. Current Board policy is that in 18.5 years there will be no unfunded liabilities in either retirement plan. Ms. James added that next year LTD will be required to report the amount of unfunded liability from other post-employment benefits, such as medical benefits.

NEXT MEETING -- The committee agreed to meet January 16 to continue discussion of budget issues.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 5:16 p.m.

(Recorded by Chris Thrasher, Lane Transit District)

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