

MINUTES OF FINANCE COMMITTEE MEETING  
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

January 16, 2008

Pursuant to notice given to *The Register-Guard* for publication on January 14, 2008, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on January 16, 2008, 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 4:03 p.m.

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

**MINUTES** – Minutes from the December 12, 2007, meeting were approved unanimously.

**FREE-FARE ANALYSIS** – Mr. Vobora, director of service planning, accessibility, and marketing, stated that staff had explored the feasibility of free-fare service back in 1999. The topic was raised recently by a Eugene City Councilor and a Lane County Commissioner. A draft analysis was included in the agenda packet, which focused on the immediate financial and operational impacts LTD would face in moving to a fare-free system. The report also touched on a number of other issues and some of the positive results observed at systems currently operating in a fare-free environment.

Mr. Vobora stated that free-fare service is typically a start-up scenario.

Mr. Pangborn noted that an estimated 50 percent of the traveling public within LTD's metro area rides for free through the Group Pass program.

Mr. Kortge asked if EmX service would always be fare free. Mr. Pangborn stated that TriMet is considering elimination of its fare-less square because of security threats and customer safety. He recommended waiting another six months before making a decision. The topic would be discussed with the full Board at a future meeting.

The committee thought the report was good and a final report would be completed and presented to the LTD Board at a future meeting.

**UO GROUP PASS PROGRAM** – Mr. Vobora stated that the Associated Students of the University of Oregon (ASUO) held a public hearing regarding the group pass program and the proposed increase was accepted. This group will now pay the same rate as the other non-payroll tax groups. The UO administration does not want to make this a mandatory fee.

**LONG-RANGE FINANCIAL PLAN (LRFP) REVISIONS** -- Ms. Hellekson, director of finance and information technology, stated that the LRFP is a work in progress and was not ready for finalization. Ms. James, accounting manager, referred the committee to a draft LRFP in the agenda packet, which showed an estimated 8 percent increase in payroll tax growth for FY 2007-08 and an assumption of 5 percent increase in FY 2008-09 and FY 2009-10. The Plan

was also developed based on Personnel Services at budget minus \$500,000 and Materials & Services less Fuel at budget minus \$100,000.

The Plan did not include a 1 percent service fix. Ms. Hellekson explained that it was not a cut, just a freeze. However, a 2.5 percent service increase in total hours was included in the first year for RiverBend Hospital service, as well as a 3.6 percent increase in service hours beginning in Year 3.

Ms. James stated that another scenario was developed assuming a 5 percent increase in payroll tax growth for the current year, but service would have to be reduced in Year 4 in order for the Plan to balance.

Mr. Vobora asked if the local, large construction projects were factored into the assumption. Ms. James explained that payroll tax receipt growth is occurring because of these projects. Projects would have to continue to be added as projects are completed in order to continue seeing growth. Ms. James stated that job growth in the next 10 years is predicted in the health industry. Those jobs tend to be better paying jobs.

Ms. Hellekson stated that if payroll tax receipts are at 8 percent this year, the proposed Plan is doable all the way through the eight-year window. In the past, staff have demonstrated the need to link Personnel Services expenditures and payroll tax receipts. There may come a time when fares and fuel will need to be linked. The Board may have to reconsider the alternating fare policy in order to keep up with fuel increases.

In response to a question from Mr. Kortge, Ms. Hellekson stated that staff was putting together a program to look at self-employment tax receipts. Staff would also be researching into why state-in-lieu receipts were down 19 percent compared to the same quarter last year.

Ms. Hellekson stated that staff soon should have a more realistic idea of expected payroll tax receipts and would prepare another version of the LRFP for committee review in February.

**CAPITAL IMPROVEMENTS PROGRAM (CIP)** – Ms. James referred the committee to a draft CIP in the agenda packet. Although similar to last year, new additions included River Road property acquisition and the purchase of revenue vehicles. The cost to purchase hybrid vehicles is higher than non-hybrid vehicles, which may require long-term debt financing. If that is extended throughout the whole fleet, it may bump other projects that could be funded with formula money. The estimated additional cost to purchase 30 hybrid vehicles is \$4.5 million at \$150,000 per vehicle. Politically, the only option may be to purchase hybrid vehicles.

The committee discussed starting discussions with Eugene's Sustainable Committee regarding vehicles, carbon trade-offs, and sustainability. Mr. Dubick requested data on bio-diesel versus hybrid electric and the difference in carbon footprints.

Total project expenditures showed \$22 million for FY 2008-09 and \$43.5 million for FY 2009-10. Ms. James added that \$10 million is budgeted for renovation of the Glenwood facility.

In regards to grant funding sources, the colors on the spreadsheet represent the following:

- Tan = formula or STP funding
- Light pink = United Front requests
- Dark pink = next transportation bill, NewStarts, or discretionary money

Mr. Pangborn stated that forthcoming is a major study on the future of nation-wide transportation in anticipation of the reauthorization of federal funding. A recommendation will be to raise the federal gas tax and index it to inflation. Also, the Secretary of Transportation, has a proposed minority report that focuses on privatizing roads and withdrawing federal funding for transit. Mr. Pangborn predicted a huge debate at the national level about the role of the federal government in terms of funding.

The committee recommended researching the feasibility of purchasing hybrid vehicles and getting feedback from community leaders and target groups.

The committee also approved taking the CIP as presented to the full Board in February.

**MISCELLANEOUS** – Mr. Kortge asked if service would be provided to the airport during the Olympic Trials. Mr. Vobora stated that staff gave the Olympic Trials Committee a cost estimate for providing service. The Committee is obtaining estimates from other providers and would make a decision soon.

Ms. Hellekson stated that staff would be meeting with a *Register-Guard* reporter who is writing an article about LTD's budget and ridership growth.

**NEXT MEETING** -- The committee agreed to meet February 20 to continue discussion of the Long-Range Financial Plan.

**ADJOURNMENT** – There was no further discussion, and the meeting adjourned at 5:10 p.m.

(Recorded by Chris Thrasher, Lane Transit District)

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