

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

February 20, 2008

Pursuant to notice given to *The Register-Guard* for publication on February 17, 2008, a meeting of the Lane Transit District Board of Directors Finance Committee was held at 4:00 p.m. on February 20, 2008, 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 3:55 p.m.

ROLL CALL – Ms. Hellekson noted that Ms. Davis would not be able to attend. The following LTD staff were present: Diane Hellekson, Mark Pangborn, Carol James, Stefano Viggiano, Andy Vobora, Todd Lipkin, and Chris Thrasher.

MINUTES – Minutes from the January 16, 2008, meeting were approved unanimously.

HEALTH REIMBURSEMENT ACCOUNT LIABILITY RESERVE – Ms. James, accounting manager, stated that staff recommend creating a reserve as part of the budget process to cover the liability of health reimbursement accounts (HRAs) that were set up for each administrative employee in FY 2004-05 and have been added to each year following. The District has provided \$1,750 per employee per year. The funds are available to the employee to draw down as of January 1 of each year but are not paid out by the District until the employee actually requests the funds.

In response to a question from Mr. Dubick, Ms. Hellekson stated that funding in the accounts rolls over from year to year. The ATU contract employees receive a yearly contribution to a voluntary employee beneficiary account (VEBA), which is prefunded.

In response to a question from Mr. Kortge, Ms. Hellekson stated that there is no cumulative cap on the HRAs. Funds can and are being accumulated to pay future health care-related costs.

In response to a question from Mr. Dubick, Ms. Hellekson explained that the reserve is not equal to the unfunded liability but instead is an actuarial estimate of the exposure for any given year.

Ms. James proposed establishing the reserve with \$500,000. The amount would not have to change every year. The Committee approved the proposal and the amount would be built into the budget.

Mr. Kortge would discuss with the Board Human Resources Committee the proposal to cap HRAs.

BOUNDARY MODIFICATIONS – Mr. Vobora, director of service planning, accessibility, and marketing, stated that staff have proposed changes to Routes 93 Veneta and 95 Junction City. If those route changes are approved by the Board, staff would proceed to develop impact analysis

and ask for authorization from the full Board to proceed with an ordinance change to implement a service boundary change in 2009. Along most rural corridors, the District's service boundary is aligned along tax lot lines approximately 2.5 miles on either side of the route. This 5-mile band becomes the area within which LTD levies payroll and self-employment taxes.

Mr. Vobora referred the Committee to a map included in the agenda packet, which showed that a total of 43 businesses and 177 employees would not be required to pay the payroll and self-employment taxes if the realignment were approved. Staff would determine how much revenue would be lost.

(Mr. Pangborn arrived.)

The Committee directed staff to continue looking into the impact to revenue.

LONG-RANGE FINANCIAL PLAN – Ms. James distributed copies of a revised Long-Range Financial Plan (LRFP) and reviewed the assumptions used in creating the LRFP, which included the following:

- Adjusted payroll tax revenues up slightly.
- Increased Personnel Services and fuel.
- Moved three discretionary capital projects (Franklin EmX station fix, Glenwood facility improvements, and future Park & Ride facilities) further out.

Ms. Hellekson stated that the proposal balances the plan with optimistic revenue assumptions. If it is too optimistic, the District would be looking at service cuts probably in the same year Pioneer Parkway EmX service is implemented.

Ms. Hellekson stated that the assumptions about the growth of demand for Accessible Services may be low. She added that there would be numerous opportunities to revise the budget during the year.

The Committee approved presenting the revised LRFP to the full Board in March for approval.

OTHER BUSINESS – Ms. Hellekson asked if the Committee would like to be involved in the Federal Transit Administration Triennial Review in May. The Committee chose not to participate but instead would wait to hear the presentation to the full Board when completed.

Ms. James stated that supplemental budgets would be submitted to the Board to add funding for the RideSource Call Center/Brokerage and for fuel overage.

In response to a question from Mr. Kortge, Ms. Hellekson stated that budget presentations were included in this year's fall training. All employees were required to attend. Also, new employees receive a 45-minute budget presentation.

Mr. Dubick at a previous meeting had asked for a comparison of hybrid-electric vs. bio-diesel. Mr. Viggiano stated that the Director of Maintenance was putting together a comparison. He noted that bio-diesel and diesel are close to the same price. Hybrid-electric compared to regular diesel is about a 20 percent savings in operating cost (fuel, brake life, engine wear). The initial cost of the vehicle is \$180,000 more than a standard diesel vehicle (less an \$8,000 BETC rebate

from the Oregon Department of Energy). Over the 15-year lifecycle of a 40-foot bus, the savings is approximately \$135,000.

Mr. Pangborn added that hybrid-electric vehicles have only been in revenue service about four years. Compressed natural gas (CNG) has been used primarily in California for environmental reasons. However, it gets the worst mileage and requires higher maintenance costs. Salem has a partial CNG fleet, and once they reached the end of their lifecycle, they will be replaced with standard diesel or hybrid-electric vehicles. You can still use bio-diesel in a hybrid-electric bus; however, production of bio-diesel creates carbon emissions.

NEXT MEETING – No future meeting was scheduled. The Budget Committee would meet on April 23 and April 24.

ADJOURNMENT – There was no further discussion, and the meeting adjourned at 4:56 p.m.

(Recorded by Chris Thrasher, Lane Transit District)

Q:\REFERENCE\BOARD PACKET FINAL\2008\02\FINANCE COMMITTEE 2-20-08\MINUTES 2-20-08.DOC