

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

PUBLIC HEARING/REGULAR BOARD MEETING/WORK SESSION

Wednesday, July 16, 2008

Pursuant to notice given to *The Register-Guard* for publication on July 10, 2008, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a public hearing and regular Board meeting on Wednesday, July 16, 2008, beginning at 5:30 p.m., in the LTD Board Room, 3500 East 17th Avenue, Eugene, Oregon.

Present: Mike Eyster, President
Debbie Davis
Ed Necker
Michael Dubick
Gerry Gaydos
Greg Evans
Dean Kortge
Mark Pangborn, General Manager
Jeanne Schapper, Clerk of the Board

CALL TO ORDER/ROLL CALL – Mr. Eyster called the regular meeting to order at 5:30 pm and then he called the roll.

PRELIMINARY REMARKS BY BOARD PRESIDENT – Mr. Eyster acknowledged and thanked Gerry Gaydos for his years of service as Board president. He said that Mr. Gaydos' leadership built the foundation for the District's future.

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

BOARD CALENDARS – Mr. Pangborn noted that three Board members would be attending the American Public Transportation Association (APTA) conference in Seattle and Mr. Evans was involved in efforts to host the 2010 APTA conference in Eugene. Mr. Pangborn reminded Board members that the Lane County Fair would occur August 12-17.

WORK SESSION

Service Planning Outreach Plan – Director of Service Planning, Accessibility, and Marketing Andy Vobora said that LTD would be conducting outreach activities to inform the public and solicit input on potential service cuts at various events throughout the community. He requested Board members' participation and asked the Board to let staff know about their availability. He said that town hall meetings would be scheduled in subdistricts as well.

Revenue Options – Assistant General Manager Stefano Viggiano introduced consultants Linda Lynch and Chris Shultz, and Budget Committee Member Warren Wong, who would participate in the discussion of options for increasing District revenues.

Mr. Viggiano said several options would be presented to the Board, and that staff were looking for direction on which option should be researched further. He said most of the options would not affect the planned 2009 service reductions because revenue would be generated after that decision was made; however, a property tax could help to avoid service cuts. That would be discussed in greater depth at the end of the meeting. He briefly reviewed the following revenue options, which were described in detail in the agenda packet, and asked for feedback from the Board:

1. Increase fares
2. Additional State funding for elderly and disabled transportation
3. Federal funding for elderly and disabled transportation
4. Carbon cap and trade funds
5. Local income tax
6. Property tax
7. Increase payroll tax immediately to statutory maximum
8. Increase in the maximum payroll tax rate
9. Expand the payroll tax to local governments
10. Vehicle registration fees
11. Parking space fee
12. Congestion fee
13. Systems development charge (SDC) for transit
14. Mass transit utility fee
15. General Obligation bonds

Mr. Pangborn noted that if a local income tax was imposed, businesses now paying a payroll tax would be able to deduct their payroll tax; the income tax would be the difference, not additive to the payroll tax. Mr. Viggiano said the income tax would generate revenue primarily from individuals, not businesses.

Mr. Necker emphasized the need for an aggressive public education campaign to explain the need for additional revenue to avoid service cuts in the face of increasing fuel prices.

Mr. Evans asked if the District could collaborate with TriMet on options 7 and 8, which required legislative action. Mr. Pangborn said collaboration would be essential as a proposal to increase the payroll tax and was not viable without TriMet's support.

Mr. Dubick observed that expanding the payroll tax to local governments was an equity issue as State agencies and the University of Oregon already paid the tax, and transit was a service that local governments should support.

Mr. Evans commented that there was no mechanism for Option 12, but that could be a part of Option 11. He said that other cities were considering some form of congestion fee to generate revenue for transit.

Mr. Dubick expressed interest in investigating Option 10 because of the direct connection between automobile use and transit. He felt the concept could be successfully presented to the legislature, particularly since TriMet already had the authority for such a fee. Mr. Pangborn said the difficulty with a vehicle registration fee was the constitutional restriction of revenue use to roads and highways, which meant the District would probably have to use those funds for capital

purposes such as EmX right-of-way. He said it could be used as local match for federal funds but would provide little help from an operational perspective.

Mr. Evans asked if SDCs would be easier to implement. Mr. Pangborn said those funds would likewise be restricted to capital purposes and would likely be a very controversial option to use. He said that a slowdown in development would also impact SDC revenue.

In response to a question from Mr. Necker, Ms. Lynch explained that a statutory amendment to allow a vehicle registration fee would likely have to include Salem Keizer Mass Transportation District, and it was unclear how much legislative support there was for assisting that District because of its lack of legislative activity. She said including Salem Keizer would complicate the initiative in several ways.

Mr. Viggiano directed the Board's attention to a handout titled *Overview of Possible LTD Property Tax Referral for November 2008*. He said there were a number of factors to consider and several unanswered questions and if this was an option the Board favored, staff would conduct further research and analysis. He said information could be presented to the Board in early August, with possible action scheduled for the August 20 meeting in order to meet the deadline for getting a measure on the November ballot. He reviewed the information in the handout and noted that he had just learned that the existing LTD boundary could not be used as it was GIS-based. He was not certain whether that would present a fatal flaw in terms of presenting the measure to the County by August 21.

Mr. Kortge remarked that the District's election cost share could be as much as \$20,000.

Mr. Necker said a major problem was the lack of perceivable connection between a property tax and transit.

Mr. Viggiano stated that a double majority would not be required in the November 2008 election. He said the District had an option for the tax to become part of the permanent tax rate as it had never levied a property tax before; the alternative was a local option tax with up to a five-year limit. He said there was a potential Measure 5 impact. He said a rate of \$0.30 per \$1,000 of assessed value would generate approximately \$5 million per year. He said there was a measure on the November ballot to eliminate the double majority, but if it did not pass, the next election to occur without a double majority requirement would be in 2010.

~~Ms. Lynch said there were several considerations for timing of an election, including projected turnout and when the revenue would be needed. She agreed that it would be important to explain the nexus between property tax and transit. She felt the business community might support a measure in order to share the burden of supporting the District and that representatives of elderly and disabled populations could advocate for the tax. The concern is the lack of an established campaign organization. She said that successful passage of a measure would depend heavily on Board involvement, and funds would have to be raised to support the campaign.~~

Mr. Necker asked if there were restrictions on the use of property tax revenue. Mr. Viggiano said there were no restrictions, but the District should specify for the voters the intended uses.

Mr. Shulz said a rate of \$0.30 would result in an increase of \$44 for the average Eugene house and \$33 for the average Springfield house. He felt the environment was right to go to the ballot, but noted that other jurisdictions were ahead in their campaigns. He said LTD would need the cooperation of other jurisdictions with future funding requests. He noted that LTD staff were restricted to providing impartial, factual information to voters, but Board members could advocate for a measure and encourage voters to support it. He pointed out that if LTD went to the legislature with a funding request, it would be asked if it had done everything in its power locally to increase revenues.

Mr. Wong said that, historically in Oregon, local governments had depended on property taxes and, therefore, voters understood that funding mechanism - although the District would in a sense be competing with cities and the County for potential revenue. He said the last statistics he had seen indicated there were few properties at compression. He felt it would be difficult to introduce a new funding mechanism at this late date; a property tax was familiar to voters. He agreed with Mr. Shulz that it was a good time to place a measure on the ballot.

Mr. Evans expressed concern with the compressed timeframe, competition with other revenue measures and the costs of a campaign and election. He said losing badly in November would place LTD in a difficult position with respect to future requests. He stressed the need for raising funds to support an effective campaign. Ms. Lynch observed that Mr. Evans' concerns were true for any election. She said the Board would not be making a decision until August 20 and recommended that members talk to people they felt had a good sense of the community to gain an understanding of the public's attitude.

Mr. Eyster indicated that it was the job of the Board to make an assessment of the political environment and decide whether to move forward with a measure for the November 2008 ballot. He said there would be an opportunity at the end of the meeting for further discussion.

EMPLOYEE OF THE MONTH – August 2008 – Director of Transit Operations Mark Johnson introduced bus operator Dirk Beaulieu, August 2008 Employee of the Month. He noted that Mr. Beaulieu had served as LTD's United Way Loaned Executive in 2006 and done an outstanding job. He was nominated by a fellow employee who appreciated his hard work as chair of the Health for Life Committee.

Mr. Beaulieu expressed his appreciation for the award and for LTD's supportive work environment that fostered success for all employees and offered opportunities to learn and grow.

MOBILITY INTERNATIONAL AWARD – Melissa Mitchell, on behalf of Mobility International USA, presented LTD with an award recognizing the District's promotion of accessible transportation.

ARCHITECTURAL AWARD – Mr. Pangborn announced that LTD had received a third place People's Choice award during the last Eugene Celebration for the design of EmX facilities.

AUDIENCE PARTICIPATION

Josef Siekiel-Zdzienicki, Eugene, commended LTD for the recent West Eugene EmX workshops he had attended. He said the workshops afforded neighborhoods with the

opportunity to provide input during the planning process. He said the only concerns were that notifications were, in some cases, received after the date of the workshops, or not at all, and there was no City staff present. Director of Planning and Development Tom Schwetz pointed out that Rob Inerfeld with the City of Eugene was present at the workshops.

ITEMS FOR ACTION

MOTION **Consent Calendar** – Mr. Kortge moved adoption of LTD Resolution 2008-28: It is hereby resolved that the Consent Calendar for July 16, 2008, is approved as presented. Ms. Davis provided the second. The Consent Calendar consisted of the minutes of the November 12, 2007, Special Board Meeting/Public Hearing on Service; minutes of the November 21, 2007, Canceled Board Meeting; minutes of the April 16, 2008, Canceled Board Meeting; minutes of the April 23, 2008, Special Board Meeting; minutes of the June 9, 2008, Special Board Meeting and appointment of Warren Wong to LTD's Budget Committee.

VOTE The Consent Calendar was approved as follows:
 AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge, Necker (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Public Hearing and Second Reading and Adoption, Sixteenth Amended LTD Ordinance No. 35, An Ordinance Setting Fares for Use of District Services – Mr. Vobora explained that it would be the first reading of a new amended ordinance. He said the amendment restored language related to tokens to assure that the public had an opportunity to comment on the change. He said there was adequate time for a first reading of the amended ordinance, a second reading, and an adoption of an emergency ordinance in order to meet the September implementation dates. He said the Board should proceed with a public hearing as that was advertised.

MOTION Mr. Gaydos moved that Sixteenth Amended Ordinance No. 35 be read by title only. Mr. Necker provided the second.

VOTE The motion was approved as follows:
 AYES: Davis, Dubick, Evans, Eyster, Gaydos, Kortge, Necker (7)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Mr. Gaydos read the ordinance by title only: Sixteenth Amended Ordinance No. 35, An Ordinance Setting Fares for Use of District Services.

Mr. Eyster opened the public hearing.

Mr. Vobora noted that the Board had been provided with a written summary of testimony collected to date via e-mail, telephone, and in writing.

Mr. Pangborn proposed a modified approach to public hearings to address the Board's concern that those testifying felt their issues had been addressed. He suggested having staff available to provide a response to a speaker when testimony warranted one.

Mr. Eyster determined there was no one wishing to speak and closed the public hearing. He agreed with Mr. Pangborn on the usefulness of having staff available to address misunderstandings or blatant misstatements.

Use of Biofuels – Director of Maintenance George Trauger provided an overview of the District's test of biodiesel on 10 fleet buses. He said the test was done on blends ranging from 5 percent to 20 percent. He said there were several drawbacks related to the use of biofuels, including higher cost for biodiesel. Based on test results, he recommended discontinuing the use of biofuels at the present time and noted that use could be resumed at any time.

Mr. Kortge asked why the Board was being asked to vote on the matter. Mr. Pangborn replied that use of biofuel had political and policy considerations and was related to sustainability and "green" operations. He was willing to make the decision, but was reluctant to do so without giving the Board an opportunity to express an opinion.

Mr. Eyster determined that Board members appreciated the information and were willing for the general manager to make the decision without formal Board action.

RECOGNITION OF CLERK OF THE BOARD JO SULLIVAN – Board members expressed their appreciation to Ms. Sullivan for her service to LTD, and particularly to the Board, on the occasion of her retirement after 27 years of employment with the District.

ITEMS FOR INFORMATION

LCOG Board of Directors – Mr. Dubick reported that he had informed the Lane Council of Governments (LCOG) Board of LTD's financial situation and invited suggestions from members for increasing revenue.

Metropolitan Policy Committee – Mr. Pangborn reported that the Metropolitan Policy Committee (MPC) had approved the grant amendment for continuation of the Commuter Solutions program. He said that Mr. Evans had proposed that LTD make a presentation to the MPC on the District's financial challenges and options for addressing them at the MPC's August meeting.

Triennial Review Final Report – Purchasing Manager Jeanette Bailor said the Federal Transit Administration's (FTA) triennial review included 23 areas and LTD was found to be in compliance in 19 of them. She said areas that required corrective action included:

1. Facilities Maintenance – corrective action will be taken to show how completed preventive maintenance will be documented
2. Disadvantaged Business Enterprise (DBE) – corrective action was taken prior to issuance of FTA's final report by changing monitoring procedures
3. School Bus Program – corrective action will be taken to show the three school tripper routes on the system map

4. Drug and Alcohol Program – corrective action will be taken to implement effective oversight programs for safety sensitive contractors and collection site contractor

Ms. Bailor said corrective action for Item 4 would be completed by July 23 and items 1 and 3 by September 23. She said that overall the report was very positive. A copy was provided in the agenda packet.

In response to a question from Mr. Necker, Ms. Bailor said that the report required LTD to periodically monitor the Drug and Alcohol Program at the collection site to ensure that random testing procedures were being followed.

At Mr. Eyster's request, Mr. Pangborn explained that the finding related to DBE arose when a contractor let its DBE certification lapse during the course of a contract without notifying the District. Corrective action would implement closer monitoring of contractor status. He commended staff for their efforts and the exemplary outcomes of the audit.

Mr. Vobora said the prohibition against Districts competing with school bus carriers was being more restrictively interpreted by FTA, and when new rules were issued, they could potentially affect LTD arrangements with the 4J School District in the fall of 2009.

EmX Interior Advertising – Mr. Vobora related that interior advertising opportunities on EmX vehicles were being considered as a revenue option. He said the advertising would not interfere with EmX branding or the clean look of vehicles, and staff were waiting for revenue estimates before pursuing the option further. He said the Board would be kept informed.

Mr. Dubick asked if the painting of buses to advertise the Olympic Trials was paid for or donated by LTD. Mr. Vobora said that Nike had paid a large premium for bus advertising for the Trials.

Gateway EmX Extension Project Budget – Mr. Viggiano reviewed details of the proposed budget included in the agenda packet. He said the proposed budget reflected a \$4.3 million increase over the 2006 version after a cost reduction exercise. He said the overall increase was a result of a change in scope and higher commodity costs. Cost reductions were achieved without impacting items that affect the operation of the system. He said there was a possibility that the FTA could make additional Small Starts funding available.

Mr. Eyster asked if the local match obligation would be increased if additional federal funds were provided. Mr. Viggiano said the match requirement would remain at 20 percent, which would impact the District's budget, but there were ways to offset some capital funds to make up the difference.

West Eugene EmX Extension Project Update – Mr. Schwetz referred the Board to the list of activities provided in the agenda packet. He would follow-up on Mr. Siekiel-Zdzienicki's concerns that notifications were not being mailed to all neighbors. He noted that other forms of notifications also were used.

Monthly Financial Report – Director of Finance & Information Technology Diane Hellekson said that the fiscal year books were being closed and a preliminary annual report would be provided to the Board on or before July 31 by mail. She said there would be no significant changes from previous financial reports.

Discussion of Revenue Options – Mr. Viggiano said the Board could direct staff to discontinue pursuing a property tax option and research some of the other revenue options. He said that if the Board did want to consider a property tax, it would be appropriate for staff and Board members to spend the next two weeks investigating issues and talking to community members. He said the Board was not being asked to make a decision on the tax itself, but whether to continue to pursue that option.

Mr. Pangborn reviewed the results of a telephone poll of 400 randomly selected registered voters regarding a tax to support public transportation. He said 23 percent strongly opposed; 16 percent somewhat opposed; 27 percent strongly supported, and 26 percent somewhat supported. A poll conducted on the District's website indicated that 75 percent of respondents, who were likely composed primarily of transit users, were in support of the tax, with 17 percent in opposition.

Mr. Kortge said he wanted to see more information on the property tax option. He said that the biggest concern was who would lead a campaign.

Mr. Dubick said his concern was a crowded ballot in November, with many competing measures. He said that people tended to vote with their pocketbooks in times of economic slowdown, and he was not certain that November was the right time to put a revenue measure on the ballot. He said there were also questions related to the cost of the election and the cost of a campaign. He said the Board would need to feel strongly about placing a measure on the ballot in order to risk that money.

Mr. Kortge said staff could provide some of that information for the Board to consider in its decision.

Mr. Gaydos agreed with Mr. Shulz's earlier remarks that LTD would need to demonstrate efforts to help itself if it was going to ask for help from jurisdictions and State and federal governments. He felt the District's political position was the best it had been for some time and people understood the impact of rising fuel costs. He said that if the District waited two years, the economic situation could be worse and a ballot measure would face even more competition. He encouraged LTD to demonstrate continuing leadership through its efforts to broaden its financial base.

Mr. Eyster was amazed that 53 percent of those polled would support a tax even before a campaign. He did not think the District would find a better time to put a measure on the ballot. He recognized that the limited time available to organize a campaign was a challenge, but other factors were very positive.

Mr. Kortge stated that he would not support any revenue measure other than a property tax.

Mr. Evans stressed the need for a unified Board, a strong campaign, and the involvement of community leaders and partners.

Mr. Eyster determined that there was Board consensus for staff to continue to research a property tax revenue option and for Board members to discuss that with community members.

He said a special meeting would be scheduled to discuss the issue prior to the Board's August 20 meeting.

Mr. Gaydos asked staff to provide Board members with talking points.

Mr. Evans disagreed with Mr. Kortge that all other options should be excluded. He recommended exploring options 7 and 8 in collaboration with TriMet.

Mr. Dubick asked that Option 9 be added to the list for further research. He wanted to have discussions with jurisdictions to determine if they were amenable to being included in the payroll tax.

Ms. Davis asked for ideas for a campaign chair and an estimate of campaign costs.

Mr. Viggiano clarified the Board's request for the following information prior to the next meeting:

- More accurate information on the costs of an election and a campaign
- Determination of whether the boundary issue was a fatal flaw
- Talking points for the Board to use during community discussions
- More information on the total assessed value in the District to more accurately estimate revenue, including properties affected by compression
- Suggestions for a campaign chair
- Ideas for how additional revenue would be used

Mr. Pangborn suggested a campaign co-chair from the business community or a community leader and asked for recommendations from Board members.

Ms. Lynch cautioned that initial poll results prior to any organized opposition tended to be high.

Mr. Evans asked for an analysis of potential organized opposition to a ballot measure.

Mr. Shultz noted that most respondents to the poll were unaware of how LTD was funded, but 53 percent were willing to support a revenue measure. He said that esteem for LTD was currently very high.

ADJOURNMENT – The meeting adjourned at 8 p.m.



Board Secretary

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