

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT
SPECIAL BOARD MEETING/LUNCHEON

Wednesday, March 10, 2010

Pursuant to notice given to *The Register-Guard* for publication on March 4, 2010, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Board luncheon on Wednesday, March 10, 2010, beginning at 11:30 a.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board

Mike Eyster, President
Greg Evans, Vice President
Dean Kortge, Secretary
Ed Necker, Treasurer
Doris Towery
Mike Dubick
Gary Gillespie

Budget Committee:

Jon Hinds
Donald Nordin
Edward Gerdes
Warren Wong
Dwight Collins
Peter Davidson

Staff

Mark Pangborn, General Manager
Stefano Viggiano, Assistant General Manager
Diane Hellekson, Director of Finance
Mary Adams, Director of Human Resources and Risk Management
George Trauger, Director of Maintenance
Tom Schwetz, Director of Planning and Development
Andy Vobora, Director of Service Planning, Accessibility, and Marketing
Steve Parrott, Information Technology Manager
Charlie Simmons, Facilities Services Manager
Jeanne Schapper, Administrative Services Manager/Clerk of the Board (Recording Secretary)
Todd Lipkin, Financial Services Manager
Carol James, Chief Accountant/Internal Auditor

CALL TO ORDER AND WELCOME: Board President Mike Eyster called the meeting to order at 11:45 a.m.

Mr. Eyster welcomed Board members, Budget Committee members, Amalgamated Transit Union (ATU) President Jon Hunt, ATU Representative Brian Pasquali, and LTD staff. He then explained that one of the purposes of this special Board meeting was to discuss the pending service reductions and the effect of those reductions on the public. Mr. Eyster indicated that input from the Budget Committee members would be vital as the details of the pending service reductions were being finalized.

Mr. Eyster stated that all of those involved with LTD need to continue to provide for the present as well as keep looking into the future of transit in this community, while preserving the financial integrity of the District.

Mr. Pangborn reviewed the agenda.

LONG-RANGE FINANCIAL PLAN ASSUMPTIONS: Director of Finance and Information Technology Diane Hellekson recalled the December 7, 2010, strategic planning session when the

Board, Budget Committee members, and LTD staff came together to discuss where the District was with the payroll tax and what that meant to the current budget as well as the budget assumptions for the Long-Range Financial Plan (LRFP). As a result of that discussion, there were a number of assumptions made and direction given to staff.

Ms. Hellekson then explained in detail how the current year-to-date results support the assumptions proposed at the December 7 meeting. She referred the attendees to the detailed information in the packet while she summarized the \$6.5 million deficit that the District would be facing for the next three fiscal years if corrective action is not taken.

Ms. Hellekson went on to describe the reduction measures that the District is proposing to implement in order to confront the challenges caused by the impending deficit.

In addition to the proposed 20 percent service reduction, the personnel service cost-saving measures include:

- Another year of an administrative salary freeze and limits on merit increases.
- Administrative employees at or below grade 17 on the salary scale will take six unpaid days made up of four previously paid holidays and two furlough days.
- Administrative employees above grade 17 will take the same six unpaid days plus two additional furlough days.
- The currently vacant transit services manager position will not be filled and the position will not be budgeted for in the near future.
- The assistant general manager position will remain vacant and unfunded when the incumbent leaves in Summer 2010.
- A Customer Service Center (CSC) representative position will be eliminated, and CSC coverage will be reduced by one hour each weekday.
- An equipment detail technician position in the Maintenance Department will be eliminated.
- Materials and services expenditures will continue to be restricted.

The service reduction plus these measures are expected to reduce expenditures by an annualized \$3 million.

Mr. Pangborn also discussed some additional funding possibilities and relayed that even with an unexpected windfall, the service and personnel cuts are imminent due to the remaining \$3.5 million deficit in the 2012-13 fiscal year.

There was some discussion around the retirement incentive packages being offered to drivers and the staff at the customer service center. To reduce the number of employees facing layoffs, the District is offering retirement incentive packages to those that are of retirement age, thereby potentially reducing the number of layoffs.

After several questions regarding the personnel cost-saving measures, it was concluded that they are temporary measures, and once the District is financially stable, those measures will be added back at a rate of approximately 5-½ percent, as is shown in the LRFP assumptions.

Ms. Hellekson added that there is a proposal to eliminate service on four holidays: New Year's Day, Memorial Day, Fourth of July, and Labor Day. The District currently provides Sunday service on these holidays, and they are historically low ridership days. There also is a proposal to change the service on the day after Thanksgiving to Saturday service. These measures would help to save about \$75,000, and not contracting with RideSource on those days saves an additional \$10,000 – \$12,000.

When Ms. Hellekson asked the Board and Budget Committee members for their input and/or questions regarding the LRFP, Budget Committee member Warren Wong asked what the District planned to do regarding funding the underfunded liability in the retirement programs. Ms. Hellekson stated that the District is aware of the issue and is making progress to have the plans 100 percent funded in 20 years. Mr. Wong cautioned that once an agency's plans become too underfunded, it is a very difficult trend to reverse. He then added that the assumed rate of returns in the LRFP seem far too high based on what the market is actually doing. He advised the District to monitor the plans very closely, and whenever there is an opportunity to put more money in, to do so. Mr. Kortge replied that at the pension trust meeting that is coming up, the Committee plans to take a really thorough look at the issue.

In response to a question from Mr. Gillespie regarding the inflation projections of diesel, Ms. Hellekson reported that the current year assumptions worked out perfectly due to the purchase of a large amount of fuel at a low cost that has been stored in a fuel tank in Coos Bay. Due to that planning, the cost of diesel for the current fiscal year should not rise above \$2.00 per gallon. Because this was found to be such an effective tool for reducing the cost of diesel, Ms. Hellekson hopes that the District is able to use this process again when there is another dip in the fuel market prices.

SERVICE DISCUSSION - PRODUCTIVITY VS. COVERAGE: Director of Service Planning, Accessibility, and Marketing Andy Vobora referred to the article in the packet by Jarrett Walker: *Purpose-Driven Public Transport: Creating a Clear Conversation about Public Transport Goals*. He asked that the Board use the concepts in the article as a framework that could help define service changes that would occur following this year's reductions.

Mr. Vobora summarized the article by explaining the difference between coverage centric planning and productivity centric planning. The productivity side of the scale centers on financial return, efficiency, vehicle trip reduction, frequent service on major corridors, and reduction of greenhouse gas emissions. An example is the EmX, which is centered on the productivity side of the scale.

The coverage side of the scale is one in which availability of service is met regardless of ridership numbers. This is based on geographic equity with some service in all areas of town.

When the District's system was analyzed by Jarrett Walker in the late 1990s, the Board chose to allocate service hours as 75 percent productivity service and 25 percent coverage service. Mr. Vobora recently contacted Paul Zvonkovic of PZ Consulting and former LTD service planning manager, and asked him to analyze where the District is today. This report should be done around the end of the month. Once the analysis is complete, it will give the District some guidance when it is involved in restructuring the service again in 2012.

Mr. Vobora reviewed several maps that depicted LTD service. He then broke down several troublesome routes and asked for Board input.

Route 19 has low ridership with about 39 daily boardings, which equates to a relatively high cost per trip – about \$17 per trip in contrast to the system average, which is \$2.90 per trip. The actual cost per trip is approaching how much it costs to provide a RideSource trip, which is \$23. This route was slated to be eliminated in 2010; however, at a Board member's earlier request to save this route, the planners have come up with some alternatives.

Mr. Vobora then broke down the two options that combine other routes to pick up some customers that normally ride Route 19. The new options are informally being referred to as *The Commuter* and *The Lifeline* services. Service Planning Manager Will Mueller discussed the pros and cons of the two different options for this route, and it was found that both options were fairly expensive and inefficient. The staff's recommendation is to eliminate this route.

Ms. Towery expressed her concerns about the elimination of Route 19 by stating that there is a high density of low-income community members and people with disabilities that would not be served if this route were eliminated. The service in that area is instrumental to connecting these people to the community.

Mr. Gillespie commented that any service reduction has a substantially higher impact on customers with disabilities. Having to walk an extra two blocks to catch a bus creates a major dilemma for those with physical needs or limitations.

Ms. Towery indicated that she appreciated the thorough explanation of how difficult it would be to find an alternative for Route 19 and why it was up for elimination. She will use these details to help her as she is out in the community answering questions about LTD. She hopes that this information can be sufficiently relayed to the public.

Mr. Pangborn reiterated to the Board that if it decides to go with this revised Route 19, the route may be up for elimination again in 2011-12 when the District will have to again make substantial cuts to service. He would like the Board to continue to look at the big picture of the entire community's needs while making the decision on Route 19.

Mr. Evans asked if there was a way for the District to work with the local taxi companies to subsidize some of the trips that will be deleted with the service reductions. Mr. Vobora relayed that Point2point Solutions is in the process of looking into receiving extra funds from the State that are available for targeted outreach, such as carpooling and other alternative modes of transportation. Staff would then go into the neighborhoods where service is eliminated and offer these alternatives. He also explained that RideSource has some options available, such as RideSource Shopper Services that could go into the areas and offer this option to those eligible.

The Board decided to wait to give direction to staff regarding Route 19 until the March 17, 2010, regular Board meeting.

Mr. Vobora went on to discuss Route 36B. During public testimony there were some requests to keep service at the Wilshire Drive and Warren Street loop. In order to do that, the District could extend Route 76 to go two ways on Oak Patch Road, which also would address some issues on Oak Patch. This extension would cost only about \$1.59 per trip, which is an attractive alternative. Staff also recommended a routing change to serve Bailey Hill Road with Route 78, which only runs during the school year. Under this proposal, the route would go up and down Bailey Hill to provide two-way service.

After a brief discussion regarding the change of service on the five holidays mentioned above, Mr. Eyster asked if changing the service on the day after Thanksgiving to Saturday service might upset the taxpayers. Mr. Pangborn stated that about 20,000 people normally ride the bus on that day, while a normal Saturday carries about 18,000. Also, the span of service will remain the same – beginning and ending at the same times as a normal Friday.

ITEMS FOR INFORMATION: Mr. Dubick asked the Board to consider an idea that he had for a new revenue stream. Due to the predicament that Eugene, Springfield, and Lane County are finding themselves in concerning issues with funding infrastructure and transportation, Mr. Dubick proposed starting a collaborative county-wide transportation levy. He stated that it is very difficult for any one entity to find additional money for each individual issue, but if they joined forces and passed a levy for transportation needs, each entity would receive funds based on certain criteria. The criteria would be based on each entity's needs, such as the City of Eugene's need for downtown parking funds, the City of Springfield's need for road funds; and the County's need for public safety.

Mr. Kortge was concerned about the distribution of the funds, such as how much would go to the relatively small community of Lowell versus the larger City of Eugene. He then added that it is a very creative idea, but he was concerned about the amount of staff time that it would consume.


Mr. Gillespie added that perhaps the state legislators would be better suited to pursue something such as this levy.

Mr. Wong said that adding a levy to property taxes would be very difficult due to the fact that there are many areas in Lane County that are already close to the 10 percent cap. Mr. Wong wondered if there was some sort of forum where this idea could be presented. Mr. Eyster asked if the new Area Commission on Transportation (ACT) could take it on: Mr. Pangborn thought that would be a good start.

Mr. Evans asked if there could be an added fee to vehicle registrations to raise funds for local transit: Mr. Wong responded that there is a strict limit on those funds and that the money would have to go to transportation, not transit.

Along the subject of adding revenue to the District, Budget Committee member Don Nordin asked if providing service to Florence would generate more revenue to the system than it would cost to provide the service. He thought that by increasing the District's boundary service to the west, LTD could also increase its payroll tax income from the community of Florence and its surrounding areas. Mr. Pangborn responded that the City of Florence has resisted their businesses and citizens having to pay the added payroll tax and self-employment tax for bus service to and from Eugene.

ADJOURNMENT: There was no further discussion, and Mr. Eyster adjourned the meeting at 1:43 p.m.



Board Secretary

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