

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

Monday, August 8, 2011

Pursuant to notice given to *The Register-Guard* for publication on August 4, 2011, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a special Board meeting/luncheon on Monday, August 8, 2011, beginning at 11:30 a.m., in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present: Mike Eyster, President
Greg Evans, Vice President
Dean Kortge, Secretary
Ed Necker, Treasurer
Michael Dubick
Gary Gillespie
Doris Towery
Ron Kilcoyne, General Manager
Jeanne Schapper, Clerk of the Board
Judith Burton, Minutes Recorder

CALL TO ORDER/ROLL CALL: Mr. Eyster convened the meeting of the Lane Transit District (LTD) Board of Directors and called the roll at 11:40 a.m.

Mr. Eyster announced that the format for today's meeting would be a visioning and planning session.

Mr. Kilcoyne stated that this was his first LTD Board meeting and that he was in the fourth week of his new position.

STUDENT TRANSIT PASS UPDATE: Director of Service Planning, Accessibility, and Marketing Andy Vobora gave an update on the Student Transit Pass program. He reported that as of June 30, 2011, the Oregon State Legislature had eliminated funding for student bus pass programs, which had been funded for several years through the Business Energy Tax Credit (BETC). In Fiscal Year 2010-11, the District had received \$1.2 million for this program, and many middle and high school students had come to depend on the program.

Mr. Vobora said that many different ideas about how to continue this program had been discussed. He noted that some individual schools would be signing group pass contracts with LTD as they had in the past before the BETC.

Responding to a question from Mr. Necker as to whether a reduction in ridership was expected, Mr. Vobora said that it was hoped that many students would be able to buy passes and continue to use the program. It was understood that some would not be able to afford to pay for the passes even though they were priced at one-half the regular fare. Group passes were available to the schools, he said. Free passes were being offered for the month of September, and paid passes would be instituted in October.

Mr. Vobora said that a number of schools had expressed an interest in selling one-month and three-month passes in the schools. The 4-J School District had a different situation in that they had not provided high school student transportation for more than a decade.

Mr. Kortge asked for confirmation that the \$1.2 million income had been for one year. Mr. Vobora confirmed that was the case. Mr. Kortge asked why students could not still receive bus passes for free if the same bus routes were running and there were seats available. Mr. Vobora explained that about ten extra daily trips were needed for school service. If ridership to these schools dropped, then LTD would evaluate eliminating the extra trips. Mr. Vobora added that the current service package that LTD operates is based on revenues that include youth fares. If these fares were not collected, then the District would need to evaluate whether the current service package could be sustained.

Mr. Eyster said that he had given the situation some thought and wanted to share an idea. It was known that approximately \$6 million was needed from fares to run the entire system, and that the Board could decide which populations could ride for free. For some to ride free, the total expense was spread over the population that paid fares. He said that he felt that there were a number of groups in the ridership that could ride free, and that it was actually a value choice that needed to be determined.

Mr. Kilcoyne said the key issue was that the budget for the current fiscal year assumed the receipt of the \$1.2 million from the State, which would no longer be received. Now funds needed to be made up through fares, reducing service, using reserves, or any combination of those strategies.

OVERVIEW LONG-RANGE TRANSIT PLAN GOALS AND OBJECTIVES: Director of Planning and Development Tom Schwetz said that the main question to the Board is what they thought the leadership role was that LTD played in the community as the uncertain future unfolded.

A passion for equal mobility access led LTD to not only put buses on the roads, but to develop innovative strategies such as carrying bikes on buses and the Group Pass Program that began at the University of Oregon.

Leadership at this scale included an ability to bring a focus to the most important community needs. Another role was to articulate to the community and the organization what the next part of LTD's story would look like. Working together with community partners to prepare for, and invest in, the future was another key role, Mr. Schwetz said.

Mr. Schwetz referred to a concept called contextual intelligence from a book *In Their Time: The Greatest Business Leaders of the Twentieth Century*, written by Anthony J. Mayo and Nitin Nohria. This book offers a look at 100 years of business leaders and the essential qualities of those leaders. Contextual intelligence means the profound sensitivity to macro-level contextual factors in the creation, growth, or transformation of businesses. Mr. Schwetz said that he had asked the Board to look at a period of twenty years into the future of LTD, and this current planning process was intended to challenge this image of the future.

Mr. Schwetz gave a couple of factors that were being used now in the preparation for regional plans that were being made by the Lane Council of Governments, the City of Eugene, the City of Springfield, and LTD. The survey that he had asked the Board to complete was consistent in terms of identifying a general conservatism around the official future. The revenue side of the financial picture was perhaps optimistic, he said; and the cost side was pessimistic, which was somewhat expected in a time of economic uncertainty.

Themes of Future Implications and Options for LTD: Mr. Schwetz said that in the process so far, the Board had been looking at what could be done in the short term to make sure that LTD was in a position to prepare and adapt to what may come. Mr. Schwetz had held conversations with each of the department leaders at LTD, and he had outlined ideas that came from those conversations. He wanted to spend most of today's meeting looking at these implications and options as a framework in terms of priorities that needed to be accomplished. This would provide the context for looking at the goals and objectives of the plan.

Long-term Sustainable Level of Service: This was the main concern across nearly the entire organization. Some of the issues here included trade-offs between social services, choice markets, and other service objectives; the role of the public in helping determine the level of service; and the role of keeping reserves high enough to provide a safety net.

Mr. Evans said that it was impossible to look at long-term service needs without looking more specifically at what revenue would look like. He thought that it was important to be looking at additional revenue streams and alternatives to the payroll tax in order to deal with some of the issues. He also was concerned about financing the continuing capital needs, most specifically the issue of public and private partnerships. He said that Denver was engaged in a public-private partnership to build its light rail lines. He said that he felt that it was not feasible to look at federal funding as a viable long-term source for revenue.

Mr. Kortge expressed his feeling that a fundamental core service that LTD provided needed to be identified. Once that was identified, growth could occur. The funding needed to follow that definition, he said. A revisioning effort was needed to nail down the basic needs.

Mr. Eyster asked if "core" was the same as "minimum." Mr. Kortge responded that it was the same, and that a way to define the core needed to be identified so that it could be understood by everyone. Mr. Eyster assumed that this would come through some kind of public engagement. Mr. Kortge said that it could be developed through public meetings that include public input, and through promotion.

Ms. Towery said that she felt that open, public input would be important. Public feedback during recent budget cuts had actually improved some of the bus routes, she said.

Mr. Gillespie said that another issue was making sure that the needs of the lower income and disadvantaged were served, while at the same time, maintaining services that would encourage choice riders.

Mr. Schwetz said that it was a good concept to discuss because of the different definitions of core transit services.

Mr. Dubick cautioned that public input would not be clear and consistent, but would still reflect the various views of people in the area. The final decision would eventually come back to the Board.

Ms. Towery responded that a lot of voices brought a lot of options from which to make informed decisions.

Mr. Eyster said that he thought that minimum service might be defined as hours or days of service and not necessarily particular routes.

Mr. Evans agreed, saying that core could be corridors based on geographic populations and would need to be adaptable as shifts came along through the years. He felt that the focus needed to be on broad, general sketches.

Mr. Schwetz said that staff could come back to the Board with a defined process. Looking at the last 40 years in Lane County, he said, there were some major corridors with a transit presence. A first issue to consider would be looking at the major corridors and levels of service for them.

Mr. Necker asked if his paraphrasing would be correct if he said that the Board could and should identify key corridors, but understand that they could change at any time. Mr. Evans concurred, and added that there needed to be great sensitivity to the whole development planning landscape in the

area, such as Envision Eugene and Springfield's visions, as well as those from Lane County in general. He saw a need to have a way to sync with all of the planning processes in order to project future transportation needs.

Mr. Necker spoke from his position of working with the Springfield Planning Commission. Two ways to focus were 1) providing transportation to what existed currently; and 2) providing transportation in such a way that land use could develop to it and around it, so that it was a work in progress.

Mr. Kortge said that he felt that it was important to focus on key parts of future growth. He stated his belief that there were core routes as well as core constituencies such as middle, high school, and college students; and low income constituencies. He felt that it was most important to define core as it currently existed.

Mr. Dubick asked for consideration of how LTD could influence land use (for example, with Envision Eugene's housing plans) on the existing corridors rather than moving corridors to where the housing would be built in the future.

Mr. Schwetz responded that part of Envision Eugene's work so far focuses on transit corridors for growth.

Mr. Evans recalled that the question was whether LTD was the carrot or the stick.

Mr. Gillespie said one thing that was core to LTD's system was seven-day service. One of the greatest benefits of the EmX was that one did not need to know the schedule, but only where to get on. Eliminating days of service would eliminate choice riders and others who had needs on particular days.

Emerging Workforce Issues and Implications on LTD's Organizational Processes: Mr. Schwetz reported that these issues affected not only the organization, but regional partners as well. Working together to build adaptive capacity organizations was essential. Advanced technology demands and other aspects suggested new ways of accessing business services and affected many aspects of business.

Mr. Schwetz noted that recruiting for innovation would require attracting people with curiosity, problem-solving skills, and creative strengths not held by existing paradigms of transit industry. Training would become a core part of LTD's work in keeping staff ahead of the curve. He asked if this seemed like a good strategic focus.

Mr. Evans suggested that the impact of technology would be shaping what growth looked like, with a potential for such things as operators working from a central location. He felt that it was impossible to understand what technological changes would be coming.

Mr. Kortge remarked that a lot of the ideas presented in this category were issues involving staff more than Board members. What would affect the Board would be issues such as where funding would come from if training became more important.

In response to a question from Mr. Kortge, Director of Human Resources and Risk Management Mary Adams explained that compression of wages was a situation where employees at one level of the organization had increasing wages where employees in higher levels of the organization at some point became compressed. For example, bus operators earned extra money working overtime, whereas supervisors had fixed wages. Compression of wages existed when there was no room for movement.

Mr. Schwetz commented that as new generations of workers were being attracted, the concept of portable benefits would arise, and this should become a Board discussion.

Mr. Kortge questioned an item under the first theme, "Long-term Sustainable Level of Service," which stated that "health care cost increases will resolve themselves eventually." Ms. Adams said that this had to do with the long-term picture of national health care and the idea that, at some point, employers may no longer provide health care.

Mr. Eyster said that another work force issue was the public impression of what salaries and compensation should be for public employees. This arose every time negotiations occurred, he said. Mr. Schwetz agreed that this would be a good addition to the list.

LTD's Role in Building Adaptive Capacity of the Organization and of Our Regional Partners: This item questions the long-term prospects for EmX. More complex systems require training that emphasizes the integration of skills to maintain a given fleet. Efforts should be made to continue to seek approaches that collaborate across boundaries, creating long-term solutions to community-wide issues.

Mr. Schwetz cited an example of how Eugene and Springfield were creating one entity for their fire and safety operations. What such options might be possible for the District in moving forward?

Mr. Gillespie said that he was aware that, in terms of mobility service vehicles, an average passenger trip was about 1.5 people. He was interested in a comparison of using a smaller vehicle versus the multi-seated buses that were currently in use to see if there could be savings.

Mr. Necker said that idea has been considered to an extent that the old Breeze buses are being used on the Jefferson and Campbell Center route. The Breeze is a smaller bus and is easier to drive, he said. A problem that could arise with using a van would be the occasional trips where passenger numbers exceeded the capacity of the vehicle. Mr. Evans noted the continuing issue of door-to-door service versus station-to-station service.

Mr. Schwetz suggested that all of these themes would help resolve with defining the sustainable long-term level of service.

Emerging Markets for LTD: Mr. Schwetz said that direct marketing would be a key tool. Individuals would be targeted more, in offering options and incentives to use the service. Outreach efforts would emphasize the value of transit in people's lives. Google Transit is an example of emerging technology that allows people to access routing information on hand-held electronic devices.

Information Technology Manager Steve Parrott commented that over the years, as technology had evolved, hand-held devices had been used by a special group of people. The newer generation, he noted, expected to own and run their own technology. Mr. Necker added that it would be LTD's job to provide access to the information.

Mr. Eyster commented that LTD might become a market for some other group that could be partnered with, and that it seemed important to find out how to plug into alternate revenue streams. He added that LTD had evolved from a low-profile to a high-profile entity. He expressed that he felt this meant that there was a higher obligation for public engagement than in the past.

Mr. Evans offered that the long-term perspective for BRT/EmX had not been discussed. He said that he felt it was important to define this and also the possible roles of streetcar and light rail service.

Mr. Schwetz responded that defining these services was part of defining the core services. He saw street car development as an economic development tool, but he said that consideration should be given to where the resources were for creating and sustaining it. Understanding the process would need to happen, and LTD would need to engage in the process.

Next Steps: Mr. Schwetz asked three questions regarding next steps:

1. Does our vision get us where we want to be?
2. Have we articulated the right goals and objectives?
3. Are we taking the right actions in the short-term to guarantee our long-term success?

He referred the Board to the draft Goals and Objectives. He asked them to review these while asking if what they felt needed to be covered was being covered, and if the scope of goals and objectives was correct. Secondly, as short-term actions were considered, it was important to see if they were included in the goals and objectives.

Goal 1: Provide Safe Travel Alternatives to Increase Accessibility in Eugene and Springfield:

Mr. Kortge said that he preferred wording that said "provide public bus service" rather than "provide safe travel alternatives."

Mr. Eyster added that as much as possible, the technical service planner words (such as "intermodal connectivity") should be translated into simple English.

Goal 2: Fully Integrate Transit Investments and Land Use Planning within Eugene and Springfield:

Mr. Schwetz said that it made sense to make decisions as to where LTD's routes operated based on a set of criteria involving the cities.

Mr. Gillespie said that he appreciated the conversation that he had had with General Manager Ron Kilcoyne last week around the interaction between the Board and its long-term goals versus the interaction around changing elected officials and their goals. He felt that it was important to maintain the connection but that it was necessary to keep the long-term goals in perspective when talking to people whose goal was re-election in two years.

Mr. Necker asked if the long-term goals should be flexible or overriding. Mr. Gillespie responded that he believed that they should be overriding, with flexibility around such things as redesigning routes as factors changed in the community; although, if BRT was a goal, then it should be fully supported.

Mr. Dubick said that it was very important to establish strong lines of communication with staff—especially at the top, such as the City Manager—in order to have any chance of having long-term commitment from the City. Buy in from the management side was essential for continuity of commitment to long-term goals.

Mr. Eyster noted that this was tricky when federal processes sometimes take ten years.

Mr. Gillespie added that the local region was fortunate to have had more longevity with elected officials than many cities and counties.

Mr. Schwetz felt that there would be a need to periodically review internally and with all policymakers as to the ongoing vision. Adaptivity was an important aspect to develop, he added.

Ms. Towery agreed, and said that as goals and objectives were looked at, she said that she felt that it was important to reach a point where everyone agreed and worked together for the long term vision. Being indecisive benefits no one, she said. Once this point was reached, it was up to staff to let elected officials know that a firm plan was in place.

Mr. Schwetz remembered when LTD first discussed the BRT program and how its partners were engaged in the process. To build the commitment meant looking at all different aspects, most of which were outside the scope of transit operations, whether it was economic development, affordable

housing, or transit-oriented development. These were broader community issues, he said, and all those voices needed to be involved.

Ms. Towery clarified that she and other Board members had joined the Board because they care about maintaining a quality of life for the larger community.

Mr. Evans suggested adding to Goal 2 an extension beyond Eugene and Springfield to include the larger metro area. Communities such as Veneta and Creswell were growing quickly, he said, and they had their own land-use and transit needs. He felt that it was important to include their needs in the larger plan. Mr. Schwetz offered to change the wording to "within LTD's service area."

Mr. Eyster cautioned against locking Board members into certain positions. Ms. Towery responded that opposing viewpoints were valuable, but that having a commitment was important.

Mr. Eyster noted that something that distinguished this particular Board was the ability to disagree respectfully, which encourages full participation. He felt it was important to maintain and articulate this value.

Mr. Necker asked if he was correct in understanding Ms. Towery to be saying that the goal could exist, but that the process needed to be flexible. Ms. Towery agreed, adding that the commitment to the long-term goal was necessary, but the process would adapt over time.

Mr. Gillespie noted that Board members came from different backgrounds and perspectives, the combination of which gave a pretty good airing of choices, values, and final decisions.

Mr. Eyster remarked that in Goal 1 he wanted to see things like "attract choice riders," "reduce vehicle miles traveled (VMT)," "reduce greenhouse gas," and "transit-oriented development." Mr. Schwetz agreed and said that more specific ideas could be incorporated. Mr. Eyster said that perhaps the way it was stated reflected minimum service, but he would like to have some aspirational goals expressed as well.

Mr. Gillespie commented that these ideas tied into seeking alternative sources of revenue, and that perhaps a greener operation, such as decreasing VMT's and saving greenhouse gases, could attract alternative revenue.

Mr. Evans said that at a conference he recently attended there was an issue around safety and security. It was reported that Boards could get into deep trouble for not paying enough attention to these issues.

Mr. Schwetz clarified that the statement in Goal 1 that Mr. Evans was referring to, "Provide safe travel alternatives," had come from a strong emphasis in the regional policy around ensuring the safety of travelers. The wording could be changed so that it did not mean responsibility for all safety of all travelers.

Director of Transit Operations Mark Johnson added that a big effort was put into ensuring that the LTD systems were safe and secure, and a lot of time was put into training operators to operate the buses safely. As EmX was being built, safety was an issue at every level. He felt that for Board policy it was important to note that these processes were in place.

K. C. Huffman, Attorney with Thorp Purdy Jewett Urness and Wilkinson P.C., said that as long as LTD had the appropriate policies and procedures in place to provide safety for customers, there should be no problems in terms of liability of the Board. The Board could encounter problems if it rubber-stamped things and did not have the appropriate insurance in place, but he assumed that the District held appropriate insurance for these types of issues.

Mr. Schwetz said that Houston, Texas, was going through a regional process, and they were asking similar questions about how to prepare to respond to an uncertain future. The opening question they asked in their process was: "The future: will we be driven by fear, or will we be motivated by all we can accomplish?" He felt that today's discussion pointed to the fact that LTD was motivated by all that could be accomplished.

Board member Dean Kortge left the meeting at 1:20 p.m.

ITEMS FOR ACTION

Appoint Pension Plan Trustee: Ms. Adams asked that the Board accept the resignation of Mark Pangborn as Pension Plan Trustee and appoint Ron Kilcoyne in his place. In the meeting packet, there was a letter of resignation from Mr. Pangborn, which would be effective upon the appointment of Mr. Kilcoyne as the new Trustee.

MOTION Mr. Evans moved approval of Resolution No. 2011-019, a Resolution Appointing Ron Kilcoyne as Trustee of the LTD ATU Pension Trust and the LTD Salaried Employees' Retirement Plan, to succeed Mark Pangborn as Trustee, and reappointing the other Trustees appointed by LTD [Dean Kortge for the Pension Trust; Dean Kortge and Mary (Neidig) Adams for the Retirement Plan], as stated in the attached Resolution. Mr. Necker provided the second.

VOTE The motion was approved as follows:
AYES: Eyster, Towery, Gillespie, Necker, Evans, Dubick (6)
NAYS: None
ABSTENTIONS: None
ABSENT: Kortge (1)

OTHER BUSINESS: Mr. Eyster asked if there was any further business.

Mr. Necker said that a possibility for additional funding could be asking voters to levy a small property tax. He was not sure what the legal ramifications would be, but he thought that the 2012 election might be a good time to move this idea forward. He stated that educating the public would need to begin early.

Director of Finance and Information Technology Diane Hellekson commented that this had been discussed by the Finance Committee in the past, and it would be appropriate for the question to return to that committee.

Mr. Eyster asked that the Finance Committee look at what issues the Board would need to consider in thinking about a property tax levy. Mr. Necker responded that the first step would be to determine the legal ramifications. He asked Mr. Huffman to check.

Mr. Evans suggested that perhaps the payroll tax could be traded for something else, such as a utility-based tax. He suggested different funding options be explored. With such a high percentage of unemployment in the area, he said that the District should resist asking for additional taxes at this time.

Mr. Kilcoyne said that Mr. Kortge had suggested putting together a roundtable group to tackle this subject. He envisioned a two-step process: 1) identifying what level of service should be provided; and 2) holding a roundtable discussion that would include the chambers of commerce and representatives from all elements of the community in order to identify what additional funding would be needed to

provide that level of service. Whether or not this could be ready by 2012 was difficult to predict, but he said it was important to start the process.

Mr. Necker said he assumed that as soon as possible LTD needed access to more funding since reserves were now below the predetermined acceptable level, and he could see the financial needs increasing as time went on. He said that he was open to broadening his request for exploring other means of funding.

Mr. Dubick said that no one could predict when the economy would be out of recession. He said that public funding in the state had degraded during the last fifteen years to the point where it was difficult to ask for additional funding. He believed that this process could take a good, long time and that nothing should be anticipated in the near future.

Mr. Eyster asked Mr. Dubick to talk with Mr. Kortge about this topic and see about getting it on the agenda for their next Finance Committee meeting.

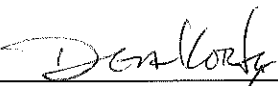
Mr. Evans cautioned against looking at a property tax because 1) business owners would be twice impacted by paying both payroll and property taxes; and 2) he felt Mr. Dubick's idea about compression of different jurisdictions was well taken. Something the legislature was supposed to look at in its next session was Ballot Measure 5 reform, which could change the dynamic of future funding requests.

Mr. Eyster announced that there may be a work session on September 12, 2011, and the Board would be notified as soon as it was known. The next regularly scheduled Board meeting was September 21, 2011.

ADJOURNMENT: The meeting was adjourned at 1:37 p.m.

LANE TRANSIT DISTRICT

ATTEST



Dean Kortge
Board Secretary



Jeanne Schapper
Administrative Services Manager/
Clerk of the Board

Date Approved: November 16, 2011

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