

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

Thursday, June 14, 2012

Pursuant to notice given to *The Register-Guard* for publication on June 10, 2012, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Board breakfast on Thursday, June 14, 2012, in the LTD Board Room at 3500 East 17th Avenue, Eugene.

Present:

Board:

Mike Eyster, President
Greg Evans, Vice President
Dean Kortge, Secretary
Doris Towery

Guests:

Lynn Peterson
Doug Barber

Staff:

Ron Kilcoyne, General Manager
Diane Hellekson, Director of Finance and Information
Technology
Mary Adams, Director of Human Resources and Risk
Management
George Trauger, Director of Maintenance
Mark Johnson, Director of Transit Operations
Andy Vobora, Director of Community Relations
Tom Schwetz, Director of Planning and Development
Todd Lipkin, Finance Manager
Steve Parrott, Information Technology Manager
Jeanne Schapper, Administrative Services Manager/Clerk
of the Board (Recording Secretary)

Absent:

Board

Ed Necker, Treasurer
Gary Gillespie

CALL TO ORDER AND WELCOME: Board President Mike Eyster convened the meeting at 7:42 a.m. and called the roll.

Mr. Eyster welcomed Guest Lynn Peterson, Governor Kitzhaber's Transportation Policy Advisor.

GOVERNOR'S LONG-TERM TRANSPORTATION AGENDA: Ms. Peterson announced that the governor asked her to focus on three things when she joined his staff. She recalled the Oregon Business Plan Meeting that took place during the December before the governor took office. At the meeting, the governor-elect announced that one of his top economic development projects for the Willamette Valley was passenger rail. The Oregon Department of Transportation (ODOT) has kicked off a National Environmental Policy Act (NEPA) process, a Tier I Corridor Analysis from Eugene to the Columbia River; the line extending from the Willamette Valley to British Columbia. The focus will be on travel time rather than speed, and which corridor will make the line competitive with the automobile. Two new trains will be coming in from Milwaukie, Wisconsin, in July for testing. These trains will replace two trains that are on loan from the state of Washington.

The second piece of Ms. Peterson's participation in the governor's agenda has been coordinating a non-roadway transportation funding discussion (three brainstorming sessions over six months)

and included rail, marine, air, transit, bike, and pedestrian. Sixty ideas were whittled down to 15 concepts and submitted to the governor as recommendations from 46 stakeholders. The general need from all modes is about \$500 million per year based on these concepts. Proposals included user fees for bikes, which is supported by some of the bike community because there are very few resources for bike/ped facilities. The question would be, "If there were a constitutional dedication, where would the money come from?" Another suggestion was the lottery, which is ConnectOregon. Chair Senator Lee Beyer stated, as he was presenting the proposal to the governor, that it would not take care of operations and maintenance (big capital) project issues within transit. As it turned out, this was too big an issue for a small grant.

The remaining priority is electric and alternative fuel vehicle work. The governor's Transportation Electrification Executive Council identified a \$500,000 grant from the U.S. Department of Energy Clean Cities Program to create a plan. They are looking at barriers to implementation of the new technology. This is part of the governor's draft Ten-Year Energy Plan that came out on June 1. Ms. Peterson added that data show that even with the recession, electric vehicles are now being absorbed into the market at a faster rate than the first Prius.

2013 LEGISLATIVE AGENDA FOR TRANSPORTATION: Ms. Peterson said that the second item above will have an impact on the 2013 Legislative Agenda. They are still receiving information as to the bonding capacity of the lottery dollars, considering ConnectOregon went from \$100 million in the biennium to \$40 million because the lottery wasn't able to support that type of bonding capacity. There is a greater desire from the non-transportation community to focus on a bigger ConnectOregon with a better focus on transit.

The other concern surrounds the legislature's capacity and the state's capacity to have a conversation around a roadway transportation funding discussion. The governor's top priority is the Columbia River Crossing to make sure that federal funds can be leveraged and get light rail to Vancouver. She recommended keeping in contact with Senator Beyer.

GOVERNOR'S POLICY ON EXECUTIVE APPOINTMENTS: Ms. Peterson relayed that Governor Kitzhaber reinstated a policy that he had in his previous two terms, which is to get more people involved in Boards and Commissions—namely, setting two-term limits. There will be no third term and no exceptions to this policy. Because this rule will result in a higher rate of turnover, Senate confirmations may take longer. If a member is not replaced on a Board, the statute allows for that member to serve until replaced, so there should be no gaps in service on the Board. Ms. Peterson emphasized that there will be no exceptions to this policy.

In response to a question from Mr. Kortge, Ms. Peterson clarified that if no one is appointed by the end of his term on January 1, he would stay on the Board until the governor makes the appointment.

Mr. Kortge moved the conversation back to the subject of the Columbia River Crossing. He mentioned that Vancouver residents voted against the project more than once, and yet the governor's agenda is pushing forward. Mr. Johnson clarified that it is on the November ballot in Vancouver. Ms. Peterson said that it is related to the funding of the project, rather than on the project itself. Mr. Kilcoyne added that it will be a sales tax measure on the ballot to fund the project. If the measure fails, it doesn't mean the project is dead; it means that they will have to find a different funding source.

Ms. Peterson said that there are several things that must occur on the Columbia River Crossing for the governor's support, and one of them is light rail to Vancouver.

Returning to the subject of executive appointments, Mr. Vobora asked about how much involvement there should be by District staff and governor's staff in the recruitment process. Ms. Peterson said that LTD staff informing the chambers, along with the link to the application form on the governor's website, would be allowed. The governor's office is not taking applications for a specific position, so it should not be treated like a job application. Mr. Vobora pointed out that the Oregon Revised Statutes 267 related to the governor's involvement in soliciting and outreach for appointments is specific to TriMet--meaning areas with a population of more than 400,000. Ms. Peterson replied that the governor's office makes it clear to the community that the office is very interested in representation of business and other interests. She said that she did a lot of outreach in the recent TriMet Board appointments; but it was not solicitation from the governor's office, it was specific to different communities and interests, such as diverse minority communities. She confirmed that outreach would go through her in the coming process.

Mr. Eyster said that generally LTD is subsidizing elderly and disabled services with the operating budget, which contributes to service reductions. He asked if any relief would be coming. Ms. Peterson said that no specifics have been discussed. She said that the change in the senior medical deduction has been introduced in the legislature but did not pass, and perhaps that should be explored again. The sustainability towards transit would need to be specified. This is the difficulty with all modes except roads. There is no sustainable funding mechanism that can be relied on past a biennium. It's difficult, therefore, to create a pipeline of projects without a sustainable funding source.

OTHER ITEMS: Ms. Adams asked who would be the governor's contact person(s) for LTD. Ms. Peterson said that for the most part, it would be her. She added that Scott Nelson works on economic development. Business Oregon works with Mr. Nelson. Richard Whitman is the governor's natural resource advisor, but also works on Department of Lands Conservation and Development. A transit-oriented development discussion would be with Mr. Whitman. Nevertheless, Bobby Lee, who has the governor's regional priorities for the southern Willamette Valley region, and Lynn Peterson would be the resource persons utilized most by LTD.

Mr. Evans asked about the reopening of the Coos Bay rail line. Ms. Peterson responded that the governor has called for environmental and economic reviews. Thus far, no more money has been requested to be invested in that corridor. If a company were to come in to help financially support the rail line, it also would need to consider the upkeep of the line.

Mr. Dubick asked if there was a proposal to increase the amount of money that would be put into the next ConnectOregon in the next session. Ms. Peterson responded that it would depend on the capacity of the lottery to bond, and competition is getting fierce as resources are becoming tight all around the state. It would be good to see it get up to \$100 million if not more, but there may not be the capacity.

Mr. Eyster asked about the state's economic forecast. Ms. Peterson offered that everything is predicated upon the state being able to make the health care transformation work. The governor was fortunate to work with the president's administration on bringing \$1.9 billion back to Oregon to demonstrate that long-term savings can be made through the coordinated care organization. Then education transformation plays into the next step.

Mr. Evans asked if there were state dollars available for workforce development. He mentioned that LTD needs a coordinated effort to maintain a pipeline of trained individuals to assume job duties as the workforce retires. Ms. Peterson said that the governor recently added Agnes, a workforce development advisor. She advised, however, that there have been tremendous reductions during the past five years in workforce development. In terms of money, it is doubtful that there are plans to mimic at the state level what is happening at the federal level. Agnes is

trying to gain efficiencies and prioritize. A lot of what's in the energy plan is trying to focus that kind of workforce development into the clean economy.

Relating to the Ten-Year Energy Plan, a lot of what the state has been doing has been about energy conservation so that as many people as possible in an urban area are being served most cost effectively. Targeting large fleets through Oregon, Inc. at the state level and Drive Oregon, a nonprofit for the electric vehicle manufacturing industry, will be looking at a clean fleets works similar to clean energy works. Public, private, and nonprofits with a fleet can get a loan up front and pay the loan back on the energy savings reaped from the vehicles. That sort of energy savings allows the purchase of a greener vehicle that can be more expensive at this time.

On the fleet acceleration side, \$4 million Congestion Mitigation and Air Quality Improvement (CMAQ) Program money was taken at the state level, in coordination with the MPOs, to create grants for companies that wish to purchase electric light duty trucks, decreasing the number of diesel trucks operating in the urban areas.

Mr. Schwetz pointed out that this area has not received any CMAQ money as the air quality doesn't meet the threshold. Ms. Peterson responded that businesses in the area are now eligible. ODOT's Art James, with Jim Whitty's innovation program, created the grant program. Portland has set aside \$400,000 out of their CMAQ to purchase several types of electrical vehicles and allowing fleet managers throughout the three counties to try electrical motorcycles, utility trucks, and cars. The fleet will be purchased and rotated around the region to gather data on their use.

In response to a question from Mr. Evans related to funding alternatives for BRT, Ms. Peterson said that she felt that each individual community will have to come up with a sustainable funding system for bike/ped and transit. Federal commitment is beginning to diminish for roads as well as transit. Related to the constitutional dedication of the gas tax and the inability to help with elderly and disabled, there could be small changes made; but there's no silver bullet in the foreseeable future. Corvallis has implemented a transportation utility fee that is paying for their transit service. Ms. Peterson and the governor are great supporters of transit; the question is, "What is the capacity of federal and state governments in the future?"

Dan Carol, in the governor's office, is working on multi-state initiatives focusing on infrastructure finance between Washington, Oregon, and California. A stable revenue source is needed. The concept is to keep west coast money on the west coast. For the Cool Schools initiative, the National Association of Educators put \$15 million of their PERS money into the initiative. The savings pays for school improvements, and they are expecting a 5 percent return. The suggestion is looking for nontraditional partners to put money in.

Another thing Mr. Carol has been working on is Partnerships, B.C., the large project management arm of British Columbia. Fifty million dollars is their cutoff. They've built many hospitals under budget. They are willing to contract with other agencies outside the province to prepare the project; not necessarily be the project manager, but work the project towards implementation. The governor's office would like to grow a Partnerships, B.C. in Oregon for big project financing capacity.

Mr. Schwetz asked for clarification as to whether or not Partnerships, B.C. could step in now that the West Eugene EmX project is entering the project development phase. Ms. Peterson responded that, yes, Mr. Carol is looking for grant money for a number of projects. She advised to look into the opportunity now. Ms. Peterson said that she would talk to Mr. Carol on LTD's behalf.

Ms. Hellekson asked about state staffing—specifically, the Department of Revenue has been slow since incurring a 20 percent staff reduction. Ms. Peterson stated that there is no growth in the budget, so it is unlikely that positions will be filled. However, if LTD is not getting the needed

service from the state, there are other options to explore. Ms. Hellekson added that LTD and TriMet have discussed sharing the expense of a paid position at the state.

Mr. Kortge left the meeting at 8:35 a.m.

Mr. Kilcoyne expressed his disappointment that the energy plan mentioned transit in only one section. Ms. Peterson said that she received the same reaction on a lot of Intelligent Transportation Systems (ITS.) She continued that this is not the action strategy part of the energy plan; it's the policy level. The non-transportation funding discussion was in the plan as a high priority, and LTD falls under that. LTD also is a big part of the emissions scenario planning. Transit will always be a big part of the energy transportation discussion. Nevertheless, the strategy is not included in the policy development. Scenario planning at the state level shows that 60 percent of the fuel savings is from fleet conversion, and the remaining will happen through land use and transportation. Emissions and energy conservation doesn't happen through land use development, which takes longer.

Ms. Peterson said that the governor's office had to focus carefully on where additions would be made because a lot is already done in terms of transit, even though it may not appear so.

Mr. Kilcoyne mentioned that one of the things that LTD grapples with is determining an appropriate level of service and what the true financial need is. Sensitivity needs to be given to the state of the economy. Even if the payroll tax were doubled, a recession could cause a serious drop in revenue. Mr. Kilcoyne acknowledged the need to form partnerships, rather than depend on federal dollars. A few years back, APTA believed that the money available for transit could be doubled and was a realistic prospect in the reauthorization. However, that would all go to capital, rather than operating expenses. If the federal government could produce the funds, the 61-mile EmX corridor could be completed quicker, but it wouldn't help with operating expenses. Those funds need to be generated through state and local partnerships.

Mr. Schwetz added that some of LTD's most productive services are on the most congested corridors; and a good deal of the EmX system is located on state facilities. There is an opportunity to discuss with ODOT and the state helping to facilitate the development of multi-modal corridors. As an example, 6th/7th is a designated freight route, which requires meeting certain operational needs, which LTD can do. However, the process isn't integrated as well as it could be. Ms. Peterson responded that the Association of Oregon Counties (AOC) and the League of Oregon Cities (LOC) have been talking with ODOT about a jurisdictional transfer program so that the cities can take on the state highways within the urban areas; which could be taking on an asset that is ODOT's lowest priority, but is the region's top arterial priority for multimodal connections. The cities won't be able to take those assets on unless money goes along with it. Her recommendation was to work with the two cities to discuss future needs because a lot of the operational needs of a state highway are completely different than those of arterial in an urban area. Costs are being asked to be provided that wouldn't necessarily exist if the road were under city ownership. There are a lot of additional costs involved in the state playing a role.

Mr. Evans mentioned waste management fees that are being utilized in other cities. He asked if there was a way to receive dividends back from carbon emissions to use as a revenue source for transportation. Ms. Peterson pointed out that the constitutional dedication issue would be a vehicle tax. Ms. Peterson added that work is being done towards a vehicle miles traveled fee to replace the gas tax; however, it's still constitutionally dedicated. One of her thoughts was to tax trips rather than vehicles or fuel, but it would be a very complex process.

In response to a comment from Mr. Kilcoyne, Ms. Peterson commented that Washington state and others that have gone to the ballot to raise money for both road and non-road at the same

time. The proposal went down the first time in Washington because it was heavily laden towards roads. The second iteration was more comprehensive and brought more coalitions on board, and it passed. Minnesota did an eight-transit/highway package that passed. Utah also reported similar success. The Sierra Club played heavily in passing these packages.

Mr. Barber mentioned that when ConnectOregon I was being considered by the legislature, EmX was the poster child for the project. However, when ConnectOregon passed and LTD was nearing the end of the funding application process, LTD found out that EmX was not eligible because it was in the roadway. It was eligible for gas tax money, requiring LTD to reapply for funding for the stations which were outside the roadway. That was funded. Consequently, whenever the District asks if there's an opportunity through the gas tax for EmX funding, differing opinions are received. Ms. Peterson said that there is a bigger issue with ConnectOregon than transit criteria, and it should be clarified in legislation. Transit should be able to compete within ConnectOregon, and it can't right now. She said that if the criteria can be changed within ConnectOregon and a specific amount dedicated to transit, then transit would be competing against transit with real criteria. Ms. Peterson suggested that everyone who has a hand in the pot at ODOT get together in a room, get direction, and define where tax money can and can't be used. Then the cities can be approached.

Mr. Lipkin added that when LTD was applying for Gateway Park & Ride funding through ConnectOregon, one of the larger discussions was about transit-oriented development (TOD), which is a place where jobs created can be defined. Former ODOT Public Transit Administrator Michael Ward was a proponent who said that it could be funded through ConnectOregon, but the rest of the committee said it could not. So the TOD portion of the project had to be pulled; and then ultimately, the entire application was pulled. An opportunity where a transit project could define job creation and compete was pulled, and there remains the question as to whether or not that should have occurred. Legislation that supports this type of situation would help a transit project. Ms. Peterson acknowledged that ConnectOregon is not set up in order for transit to compete well.

CLOSING REMARKS: Mr. Eyster congratulated Mr. Evans on receiving the 2012 APTA Outstanding Public Transportation Board Member Award. Responding to a question from Ms. Towery, Mr. Kilcoyne said that Madison, Wisconsin, received the APTA Outstanding Public Transportation System Award for 2012.


ADJOURNMENT: There was no further discussion, and Mr. Eyster adjourned the meeting at 8:53 a.m.

LANE TRANSIT DISTRICT

ATTEST:



 Gary Gillespie
 Board Secretary



 Jeanne Schapper
 Clerk of the Board

Date Approved: September 19, 2012

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