

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR BOARD MEETING

Wednesday, January 15, 2014

Pursuant to notice given to *The Register-Guard* for publication on January 9, 2014, and distributed to persons on the mailing list of the District, the Board of Directors of the Lane Transit District held a Regular board meeting on Wednesday, January 15, 2014, beginning at 5:30 p.m., at the LTD Board Room, 3500 East 17th Avenue, Eugene, Oregon.

Present: Doris Towery, President  
Gary Gillespie, Vice president  
Michael Dubick, Secretary  
Ed Necker, Treasurer  
Gary Wildish  
Carl Yeh  
Ron Kilcoyne, General Manager  
Jeanne Schapper, Clerk of the Board  
Lynn Taylor, Minutes Recorder

Vacant: Position No. 7

**CALL TO ORDER/ROLL CALL:** Ms. Towery convened the meeting of the Lane Transit District (LTD) to order and called the roll at 5:36 p.m.

**PRELIMINARY REMARKS BY BOARD PRESIDENT:** Ms. Towery welcomed those in attendance.

**COMMENTS FROM THE GENERAL MANAGER:** There were no comments from the general manager.

**ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA:** There were no announcements or changes to the agenda.

**BOARD CALENDARS:** Mr. Kilcoyne briefly reviewed the scheduled activities.

**EMPLOYEE OF THE MONTH:** The Board recognized Transportation Options Coordinator Allison Camp as the February 2014 Employee of the Month.

Ms. Towery thanked Ms. Camp for her outstanding service and dedication to LTD's mission. She presented her with a certificate of appreciation, check, and pin commemorating her award. Ms. Camp thanked the Board for the recognition and expressed appreciation for the opportunity to work with an innovative and progressive organization like LTD.

**AUDIENCE PARTICIPATION:** Ms. Towery explained the procedures for providing public testimony.

**Bob Macherione**, Eugene, representing Our Money, Our Transit (OMOT), said he had attended a meeting of the Board Service Committee and was pleased with the efforts to restore service in the Gilham area. He said that he preferred to see restoration of full service instead of partial service because of the low income population in that area. He stated his belief that rerouting the bus off Crescent Avenue and shifting stops could accomplish that goal.

**Josef Siekiel-Zdzienicki**, Eugene, said he had been attending Board meetings since 2006 and felt that he had been able to provide suggestions and criticism and received considerable information from LTD during that time, which he appreciated. He cited a letter from a legal firm that indicated, "LTD, as a public body, did not have an obligation to respond to general questions. It only had an obligation to disclose specific documents when requested." He said that he felt that the Board should discuss that issue and noted that while he had at times criticized the Board, he was also a user of and advocate for transit. He submitted a copy of the letter to the Board.

#### ITEMS FOR ACTION AT THIS MEETING

**MOTION** **Consent Calendar:** Mr. Gillespie moved adoption of LTD Resolution No. 2014-001: It is hereby resolved that the Consent Calendar for January 15, 2014, is approved as presented. Mr. Necker provided the second. The Consent Calendar consisted of the minutes of the December 18, 2013, Regular Board Meeting and nominations of Jody Cline and Jon Hinds to the LTD Board Budget Committee.

**VOTE** The motion was approved as follows:

AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: None

**Lane Transit District/Amalgamated Transit Union (ATU) Joint Pension Work Group:** Director of Human Resources and Risk Management Mary Adams introduced William Clark-Shim, of the Trust's actuarial firm, Milliman. She also introduced ATU officials, Bus Operator John Hampton and Bus Operator Natalie Crampton, and noted that members of the Joint Pension Work Group in attendance at the meeting were Journey Tire Specialist Bill Bradley, Finance Manager Todd Lipkin, and Director of Finance and Information Technology Diane Hellekson.

Ms. Adams said that LTD had considered for some time the idea of moving to a different pension plan for represented employees. She said that the pension trust was established in 1972; and in 2000, there was a significant change when it went from a defined contribution model to a defined benefit model. During the 2010 bargaining process, there was discussion of moving back to a defined contribution model. There were additional discussions in 2011; and as a result, a joint work group was created to engage in collaborative discussions of options. She said that the work group's goals were to: 1) reduce the long-term cost of the plan (future liability); 2) assure predictable benefits for retirees; and 3) reduced the future unfunded liability.

Ms. Adams said the ATU representation in the work group also included ATU Representative Carl Faddis and Lead Journey Mechanic Tom Shackelford, in addition to Bill Bradley; Mary Adams, Todd Lipkin, and Diane Hellekson represented LTD. She thanked Mr. Clark-Shim and Board Member Gary Gillespie for the support they provided to the Work Group. She described the education and training provided to Work Group members. She said that over a series of meetings, the Work Group discussed and refined ideas and developed a series of recommendations. Those recommendations were unanimously supported by the Work Group, which also agreed to share

the information with all employees and present it to the Board. She emphasized that the recommendations would be part of labor negotiations and need to be ratified by employees in the new contract.

Mr. Clark-Shim referred to his letter to the Board dated January 15, 2014, which set forth disclosures that were an integral part of the Work Group's recommendations. He said the work group's focus was the ATU defined benefit pension plan. He used a slide presentation to illustrate his discussion topics. He said that LTD's contribution rate had increased from \$0.90 in 2000 to \$4.89 currently in order to support pension benefits. The primary drivers behind the sharp increase were: 1) investment returns lower than expected; and 2) serial benefit improvements. He pointed out that the pension plan was entirely funded by LTD. The primary plan affordability concern related to paying off the unfunded liability for past years.

Mr. Clark-Shim outlined the two issues and recommended solutions:

- Issue 1: The contribution rate cost increases for the defined benefit plan have come primarily from retroactive increases to benefits and from falling short on investment return assumptions.  
Solutions:
  - Apply future increases to defined plan benefits to future service only.
  - Change actuarial valuation assumptions to anticipate future increases to the benefit multiplier.
  - Consider using a more conservative investment return assumption.
- Issue 2: ATU members are not saving enough for retirement on their own and could gain better appreciation of the current retirement benefits package.  
Solutions:
  - Implement matching contribution to incentivize higher levels of savings among ATU members.
  - Require future new hires to automatically defer into their retirement account and receive match (can opt out later).
  - Improve outreach/education and available investment offerings for ATU members.

Mr. Clark-Shim referred to a table to illustrate and compare details of modeled retirement program designs based on the current benefit structure, work group recommendations, and transition to defined contribution. He also summarized the expected long-term underlying costs to the District of sponsoring the retirement benefits described in the table of modeled plan designs.

Mr. Wildish asked if the employee match was pre-tax. Mr. Clark-Shim replied that the employee match went into a pre-tax account similar to a 401-K plan and was taxable upon distribution.

Mr. Clark-Shim reviewed the assumptions used for projections and a chart of projected retirement program costs. He said that the primary Work Group recommendations for the Board's consideration were:

- **Switch to a future-increase-only design**
  - Increases in the benefit multiplier are applied only to *future* years' service.
  - Contracts with historical benefit structure, wherein increases in the benefit multiplier were applied to *prior* years' service as well.
  - Actuarial valuations will reflect these expected future increases to the multiplier, and calculate costs as a level percent of expected pay.

- **Create a matching contribution benefit for ATU members**
  - Cost offset by savings from defined benefit plan and 1 percent District-defined contribution.
  - Automatic enrollment of new members in defined contribution program.

Mr. Clark-Shim concluded his presentation with a summary of the Work Group's reasoning for their recommendations.

Mr. Necker commented that a defined contribution plan was not accepted by ATU during the last contract negotiations. Ms. Adams agreed that ATU had rejected the District's proposal to move from a defined benefit plan to a defined contribution model and subsequently both sides agreed to form a work group to study options and make recommendations. She stressed that the recommendation was not a defined contribution model; it was a modification to the current defined benefit model.

In response to a question from Mr. Yeh, Mr. Clark-Shim explained that the Employee Participation Account (EPA) was a small component of the defined benefit plan dating back to the 1970s. It was \$0.10 per hour worked by a member that went into an account and generally paid to members who terminated with three to four years of service. He said it was a small benefit with a high administrative burden and the matching contributions would exceed it in value and be more efficient to administer.

Ms. Adams pointed out that the mutually agreed upon recommendations would become a part of the bargaining process, and the Board was not being asked to approve it, only hear the recommendations and accept them in order to provide direction during negotiations.

**MOTION** Mr. Necker moved the following resolution: LTD Resolution No. 2014-002: Resolved, that the LTD Board of Directors accepts the recommendations of the Lane Transit District/Amalgamated Transit Union Joint Pension Work Group as presented at this meeting. Mr. Gillespie provided the second.

Mr. Gillespie thanked Milliman for the advice provided to the Work Group. He commended the ATU work group members and ATU leadership for their participation in the process.

Mr. Wildish also commended Work Group members for their efforts. He asked if the Board was bound to agree with the recommendations if it accepted them. Ms. Adams explained that the Board's acceptance of the recommendations meant it would approve the proposed model when it came back to the Board as part of the labor negotiations process.

Mr. Wildish expressed concern with accepting the proposed model as many of the components were subject to bargaining and could change. Ms. Adams indicated that the Board's action would accept the recommended model as a future model for the pension plan, pending the negotiation process for the full contract. Ms. Towery emphasized that the Board would still need to approve the model as part of the negotiated contract. She indicated that this was an opportunity to express to the Work Group that the Board agreed with the direction it was taking or to express disagreement with the recommendations.

**VOTE** The resolution was approved as follows:

AYES: Dubick, Gillespie, Necker, Towery, Yeh, Wildish (6)

NAYS: None

ABSTENTIONS: None

EXCUSED: None

## ITEMS FOR INFORMATION AT THIS MEETING

**Board Member Reports** – Mr. Gillespie reported that the Oregon Rail Project had distributed documents that were part of its December 17, 2013, meeting and would be accepting comments from committee members until January 17, 2014. The documents would then be presented to the Federal Rail Administration.

**2014 Annual Route Review and Pricing Plan** – Director of Customer Services and Planning Andy Vobora said it was a pleasure to be discussing the addition of service at this time. He said details of the changes were still being refined by Service Planning staff. Feedback from riders, members of the public, community organizations, and neighborhood associations on the proposed changes would be solicited and a final package of recommendations would be presented to the Board. He illustrated the following proposals:

#11 Thurston: service along 42<sup>nd</sup> Street to Jasper Road, one time per hour from 6:30 a.m. to 6:30 p.m. (no cost solution).

#19 Fairview: low productivity, route deletion recommended.

#27 Fairmount: minor change to inbound and outbound routing to provide better access to commercial services.

#28 Hilyard: - add weekday and Saturday evening service.

#40 Echo Hollow: schedule change to improve consistency to depart on minor pulse and arrive on major pulse.

#55 River Road: upgrade neighborhood circulator to full route serving the Eugene Station.

#78 University of Oregon/Seneca Station: currently operating nine months of the year, year-round route recommended.

#96 Coburg: reroute along Oakway Road, Gilham Road, Crescent Avenue, and County Farm Road before returning to Coburg Road (survey current riders to identify destinations).

Restore Sunday level of service: on Independence Day (4<sup>th</sup> of July), Labor Day, New Year's Day, and Memorial Day.

Mr. Vobora said that under the District's fare policy, price increases had to be evaluated against several criteria. Fare increases were small, incremental, and rotated among cash fares, ticket prices, and pass prices. He said that the staff recommendation was for a four percent increase in the monthly pass prices. An analysis of the proposed fare increases and evaluation against specific criteria would be presented to the Board at a future meeting. The evaluation criteria were:

- Effects of the change on Title VI populations
- Inflation rate
- Ridership and revenue trends
- Local economic trends

Ms. Towery asked that a map overlay displaying areas of low income populations be included when the final version of proposed route changes were presented to the Board to aid members in making decisions.

Mr. Vobora described public outreach efforts related to proposed route changes and fare increases. He said there would be a public hearing on those proposals at the Board's March 19, 2014, meeting, with a possible second public hearing in early April and adoption at the Board's April regular meeting.

In response to a question from Mr. Gillespie, Mr. Vobora said the 10-ride ticket fare instrument had far exceeded the District's expectations.

**Monthly Financial Report** – Director of Finance and Information Technology Diane Hellekson reported that all major financial indicators looked good. She said there would be a payroll tax disbursement in February and that would provide a major benchmark as the quarter ending December 31 was typically the largest. She noted that the optional management letter associated with the recently completed audit would be presented to the Board at its next meeting.

Mr. Necker left the meeting at 7:22 p.m.

**MOTION EXECUTIVE (NON-PUBLIC SESSION) PURSUANT TO ORS 192.660(2)(d):** Mr. Yeh moved that the LTD Board of Directors meet in Executive Session pursuant to ORS 192.660(2)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. Mr. Wildish provided the second.

**VOTE** The motion was approved as follows:  
AYES: Dubick, Gillespie, Necker, Towery, Wildish, Yeh (6)  
NAYS: None  
ABSTENTIONS: None  
EXCUSED: None

The Board entered executive session at 7:23 p.m.

**RETURN TO OPEN SESSION:** The Board returned to open session at 8:14 p.m.

**ADJOURNMENT:** There was no further business, and Ms. Towery adjourned the meeting at 8:15 p.m.

**LANE TRANSIT DISTRICT**

**ATTEST:**



Michael Dubick  
Board Secretary



Jeanne Schapper  
Clerk of the Board