MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

ADJOURNED MEETING

Wednesday, May 2, 1990

Pursuant to notice given at the April 18, 1990, regular Board meeting and to *The Register-Guard* for publication on April 26, 1990, and distributed to persons on the mailing list of the District, an adjourned meeting of the Board of Directors of the Lane Transit District was held on Wednesday, May 2, 1990, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present:	H. Thomas Andersen, Secretary Peter Brandt, Treasurer Janet Calvert, President, presiding Tammy Fitch Thomas Montgomery Keith Parks, Vice President Phyllis Loobey, General Manager Jo Sullivan, Recording Secretary
Absent:	Herbert Herzberg

CALL TO ORDER: The meeting was called to order at 7:35 p.m. Ms. Calvert informed the Board that an action item, approval of a resolution regarding underground storage tanks at 8th and Garfield, needed to be added to the agenda. She asked the Board to convene first as the LTD Contract Review Board to discuss the resolution.

AUDIENCE PARTICIPATION: Ms. Calvert asked if any member of the audience wished to address the Board. There was no response.

MEETING OF THE LTD CONTRACT REVIEW BOARD: It was moved, seconded, and unanimously approved that the Board move into a session of the LTD Contract Review Board. Mark Pangborn, Director of Administrative Services, explained that the need to discuss the disposition of the underground storage tanks at 8th and Garfield had come to staff's attention that day, and that the District needed to take two actions. First, he said, an environmental assessment was needed so the District would know for sure about its liability, to make sure that solvents had been properly disposed of, and to see if there were other tanks in the ground that staff weren't aware of. Someone needed to be hired to perform this work. Staff also wanted to take all but three of the underground storage tanks out of the ground; in other words, to remove eight of the 11 tanks. This would also involve taking soil samples to be sure there had been no underground leaks. After that, the District would be able to assess where it stood with the remaining three tanks. Mr. Pangborn said that the State had indicated that with an environmental assessment, the District's liability could be limited. Since the State

Department of Environmental Quality (DEQ) is the enforcement arm of the U.S. Environmental Protection Agency (EPA), this should ensure federal as well as state limitation of liability.

Mr. Pangborn reported that the Urban Mass Transportation Administration (UMTA) wanted the District to take care of the underground tank issue as quickly as possible, since the property at 8th and Garfield had been vacated.

The District had two choices for removal of the tanks and soil assessment. First, it could go out to bid for the lowest responsive bidder, or it could contract with Russ Fetrow Engineering, the firm managing the environmental assessment. Russ Fetrow's bid was $24,000, which was determined to be a very competitive bid. Federal and State requirements require the District to go out to bid at $25,000. District Counsel Randall Bryson said that since Fetrow's bid was near the limit, the Board should pass a resolution stating that an emergency existed and that the District needed to move ahead with this process.

Mr. Montgomery asked how long it would take if the District went out to bid. Mr. Pangborn replied that it would take a minimum of three to four weeks to prepare the bid package, accept bids, and make the decision, and then two weeks after that to remove the tanks.

Mr. Brandt asked if the school district wanted eight tanks. Mr. Pangborn said it did not. He explained that in a preliminary assessment done by Russ Fetrow Engineering, LTD's tanks were found to meet standards until 1993. After that time, they would have to be upgraded, and would then meet standards until 1999, when new standards were expected to be in effect. Since 4-J would have to spend money to upgrade the tanks, and did not need the eight tanks slated for removal, staff would prefer to take them out of the ground now. However, the school district would like to keep the three 20,000 gallon tanks because they are so expensive to replace.

Because the Board was concerned about the possibility of continuing liability, staff thought it better to take out eight of the tanks and have District Counsel meet with the DEQ about removing any liability from LTD. The school district offered to pay the difference to take out the three tanks later, if that needed to be done. Mr. Pangborn explained how costs would compare if LTD were to sell the property on the open market. As an example, he said that if the property were worth $1 million, LTD would receive 20 percent, or $200,000. Assuming it cost $100,000 to perform the environmental assessment and take the tanks out, the sale price would be $900,000. Taking the $100,000 off the top, the $900,000 sale price would be apportioned at 80/20 percent. UMTA would receive $720,000 and LTD would receive $180,000. LTD has told School District 4-J that LTD wants to receive 20 percent of the fair market value out of the sale of the property, and 4-J had agreed to that.

Mr. Brandt wondered if the school district could require under its policies that LTD go out to bid for this work. Mr. Pangborn said it could not, and wanted LTD to move ahead.

Ms. Loobey said the principal reasons for not going out to bid were to avoid the delay caused by the bidding process; to avoid the additional staff time caused by working with someone not already familiar with the situation, as Fetrow was; and to avoid additional liability from working with two contractors instead of only one.

MOTION Ms. Fitch moved that the Contract Review Board recommend to the LTD Board of Directors that the resolution to declare an emergency and enter into a contract with Russ Fetrow Engineering to perform underground storage tank decommissioning and soil

VOTE assessment be accepted. Mr. Andersen seconded the motion, which then passed unanimously. The Contract Review Board then voted unanimously to adjourn the meeting of the LTD Contract Review Board and return to regular session.

RETURN TO REGULAR SESSION: The LTD Board moved back into regular session at 7:55 p.m.

RESOLUTION REGARDING UNDERGROUND STORAGE TANK DECOMMISSIONING AND ENVIRONMENTAL ASSESSMENT: Mr. Parks asked if there were any problems with approving this resolution, since it was not on the published agenda for the meeting. Mr. Pangborn said the Board was allowed to declare an emergency and add it to the agenda at the meeting. Mr. Parks then asked if hiring Fetrow was a vested interest of the School District, since he already represented them. Mr. Pangborn stated that there were only a few engineers who performed this kind of work, and his bid for the work was considered very competitive, and was actually $1,000 below the legal requirement for going out to bid.

Mr. Pangborn said there were two parts to the work to be performed. First, Fetrow would hire someone to decommission and remove the tanks; would monitor the process, and would then certify that it had been done properly and test the soil. He added that when three tanks are left, there may be a different process, and the Board could still choose to remove those tanks, also. This contract would not deal with those remaining three tanks. Ms. Fitch asked if LTD had received a letter from the DEQ or other federal body asking the District to move ahead immediately with this process. Mr. Pangborn said the request had come during a telephone call from the UMTA regional representative.

Ms. Fitch asked if the District would know if there were problems after the removal of the eight tanks. Mr. Pangborn said LTD would know if there were problems with those eight tanks, but would still have to perform additional tests on the remaining three tanks. Mr. Parks said this process could go on and on. Mr. Brandt said that as long as the school district paid for 80 percent of the process, he didn't care.

MOTION Mr. Parks moved that the Board of Directors, based upon the findings of the LTD Contract Review Board, declare an emergency and issue a contract with Russ Fetrow Engineering to perform underground storage decommissioning and soil assessment.

VOTE Mr. Montgomery seconded, and the motion carried by unanimous vote.

MOTION **APPROVAL OF MINUTES**: Mr. Andersen moved that the minutes of the April 18, 1990, regular meeting be approved as written. Ms. Fitch seconded the motion, and the minutes were

VOTE approved by unanimous vote.

GROUP PASS POLICY: Mr. Pangborn distributed an amended draft Group Pass Policy for the Board's discussion. Instead of using the marginal cost for non-payroll taxpaying organizations, the higher, fully-allocated cost had been used. The fully-allocated cost included all costs of doing business, including lights, heat, salaries, etc., which were divided into the total number of service hours.

In discussing the District's capacity for the group pass program, Mr. Pangborn said that, in the short term, it is on a first-come/first-served basis. However, in the long term, there is limited utilization and limited membership. He used the University of Oregon (UO) as an example. The UO has 21,000 participants (18,000 students and 3,000 faculty and staff). Before the group pass program began, UO ridership averaged 1,050 a day. After the program was implemented, UO ridership doubled. Out of 21,000, there are still only 2,100 riders. Mr. Pangborn said this lack of a "stampede" to ride the bus was reflective of how much the community, and especially the UO, is tied to automobiles, bicycles, and walking. He added that students are probably the most price sensitive of all riders, and would be the ones to take advantage of a good deal.

Mr. Pangborn said that as far as staff could tell, a doubling within a bus-riding population was probably optimistic. The UO ridership did not seem to be growing any more, but that situation could change if circumstances changed, such as a large increase in the price of parking.

Mr. Parks asked how many buses LTD had to buy in response to the UO group pass program. Mr. Pangborn explained that LTD did not have to buy buses specifically to respond to that service. Three buses had to be added to peak hour service, so the District had purchased used buses from Tri-Met to respond to a concern regarding the District's dwindling spares ratio. Stefano Viggiano, Planning Administrator, added that two Tri-Met buses were now being used in peak hour service; one of those had been used for only a short time. Ms. Loobey stated that the spares ratio had decreased to 10 percent when the three buses were put into peak hour service, but that a district should have a ratio of 20 percent. She said that part of the purchase of buses from Tri-Met was due to the UO service, but part was due to the low spares ratio, so the Tri-Met buses could be used for back-up.

Mr. Parks said that before LTD purchased the Tri-Met buses, he had received a telephone call from Ms. Loobey informing him of an emergency situation. He said the low ratio had scared staff so much that something had to be done, and now staff were adding more and more group pass programs to the system. Ms. Loobey explained that staff had anticipated that the UO group pass program would not be approved by the students for another year. However, staff anticipated the greater ridership and made sure the UO was paying the cost of additional service. Having to put three additional buses into peak hour service made the spares ratio so low that the District wouldn't have been able to handle service if there were some kind of catastrophe. Tim Dallas, Director of Operations, added that at that time LTD was still in the process of obtaining funding for additional buses, and that funding was still uncertain. The District needed the Tri-Met buses as a relief valve in case the new buses didn't come through or ridership was higher than expected.

Mr. Parks asked about additional groups being added to the group pass program. Ms. Loobey said the City of Eugene had recently been added, but its employees were more spread out throughout the system, because UO riders were more concentrated in certain housing areas. The City program was not expected to cause LTD to need more buses in peak hour service. Mr. Parks then asked how many people would be in the Sacred Heart Hospital program. Mr. Viggiano said there were 1,611 non-graveyard shift employees, with another 900 on the graveyard shift. Mr. Brandt said he heard on the news that evening that LTD was going to adjust its routes to add later service for Sacred Heart. Mr. Pangborn said that KEZI-TV had done a special on Sacred Heart and had interviewed Ed Bergeron, LTD's Marketing Administrator. The District's position, and what Mr. Bergeron had said, was that staff were willing to provide service for the group pass program, but the Board was deliberating on a policy for the group pass program, so nothing had been decided. Ms. Calvert commented that Sacred Heart had said providing the program for employees would be the same cost as maintaining a parking lot.

Ms. Fitch asked how many Sacred Heart employees currently rode the bus. Mr. Viggiano said that the Origin and Destination (O&D) survey showed 150 rides a day, but that was done before the new parking garage was finished. Since that time, about half had switched back to their cars. Mr. Pangborn said that Sacred Heart was interested in the group pass program because it needed 200 more parking spaces or another solution to the parking problem. Mr. Brandt said the hospital could increase the cost of parking to pay for the program. Mr. Viggiano said that Sacred Heart employees had been surveyed the previous week, and staff would look at that data before determining what current ridership is.

Ms. Loobey said that when Sacred Heart was building the parking garage, it made arrangements for two shuttles, one provided by Dorsey from the Fairgrounds, and one provided by LTD from River Road Transit Station. At that time, LTD had 150 Sacred Heart riders, or 300 rides, per day.

Mr. Brandt asked what the UO paid for the group pass program. Mr. Pangborn said the UO paid $250,000 per year for the students and $40,000 for faculty and staff. The farebox revenue from students had been $190,000 before the program; to that, the cost of extra service (three tripper buses) had been added.

Mr. Brandt wanted to know the cost for 2,100 riders on the system. Mr. Pangborn said the University paid the State In-lieu-of Payroll Tax. The UO was asked to replace the revenue for the 1,050 students who were riding each day, or $190,000. The District added approximately $55,000 worth of service, determined by taking the number of hours added by $27 per hour. Mr. Brandt said the District had left $90,000 on the table; if LTD was maintaining its ratio, it would have to receive $400,000. Mr. Pangborn said that if all those riders had ridden individually, LTD would have received $400,000; however, those additional students had no plans to ride the bus before the group pass program was implemented. The District had told the UO that if the program paid for the additional costs, LTD would let those additional riders on the system. He added that the fact that the cost per rider decreases is what makes the program attractive. People who do not ride are paying for those who do.

Mr. Andersen said that people who buy monthly passes are banking on the fact that they will ride at least a certain number of times a day. Mr. Viggiano said that the UO service made the farebox-to-operating cost ratio go up, and that the program is paying the full marginal cost of providing the extra service that the UO required.

Mr. Brandt asked what the District would do if 6,000 more people from the UO wanted to ride the bus. Mr. Pangborn said a situation like that would create a "rub." For instance, if there were a fuel crisis and more people rode the bus, LTD could go immediately to capacity and beyond. That kind of situation, he said, would affect the entire community, not just LTD. The District would then have to discern the greatest need for service and what capacity was available to meet that need. Mr. Brandt asked if having a contract with a group obligated the District to add service. Mr. Pangborn said it did not, but the net effect could be that the group would drop the program if LTD could not meet its service needs.

Mr. Brandt said the program definition should include (1) an increase in ridership and productivity; (2) a decrease in the farebox-to-operating cost; and (3) maintenance of the farebox revenue. However, he said he did not agree with the fourth part of the definition, to increase service. Mr. Viggiano explained that when service hours were added because of the UO program, the UO paid the full marginal cost of those hours, and that was the intent of the proposed policy. Mr. Brandt thought, however, that the intent of the program should be to increase ridership and productivity on existing service. Ms. Loobey said that a growth in ridership does result in increases in service hours. Mr. Montgomery said that this kind of program had basically the same effect as putting an add on television.

Ms. Calvert said that in her eight years on the Board, she had not had one personal contact or seen one person come before the Board to complain about the payroll tax, but she had heard complaints because the buses were not full. She thought the District could be in a better place with the taxpayers when the buses were full. However, Mr. Brandt thought the taxpayers were still paying 80 percent and giving away free service in the group pass program. Ms. Calvert and Ms. Fitch commented on the indirect benefits from the program, such as cleaner air.

Regarding the minimum price of the group pass program, Ms. Fitch said she would like to make sure that the District did have a cushion between the cost of the program and the minimum charge to the group. She felt there was a comfort factor if the group's costs were in the $14 or $15 range but the minimum price for the group was $19. She thought the group would be getting a good deal and LTD would not be "giving away the ship." She suggested that if the District received enough money from these programs, it could put some of it into more tokens for those who need bus service but can't afford to ride.

In response to a question from Mr. Brandt, Mr. Viggiano said that UO students only pay for the program for three quarters, not for summer term. Some of the UO service is taken out of service during the summer because of lower ridership. There was also some discussion about whether or not Sacred Heart Hospital should pay for graveyard employees if those employees were unable to ride because no service was available to them.

In response to another question, Mr. Pangborn said that the City of Eugene was paying $20,900 for its employees. When the City signed the contract for its group pass program, the draft policy was not in place, so the City was not asked to pay additional costs as a non-payroll taxpayer. However, Ms. Loobey said, the City does pave the streets LTD runs its buses on.

Mr. Andersen asked if the fee for the group pass program was scheduled to increase by inflation only. Mr. Pangborn said that was correct for the UO, but for new groups, the cost to replace the farebox revenue, the cost of additional service, and the additional charge for non-payroll taxpayers would all be added together, and the group would pay the minimum charge or more. Mr. Andersen asked if the same minimum price would be used for all groups. Mr. Pangborn said that it would, according to the draft policy. Mr. Andersen said he thought the dollar amount for the minimum fee should be left out of the policy; that the policy should say only that a minimum amount would be established. Mr. Brandt suggested that a minimum amount should be set for each group by the Board, but Mr. Andersen thought that was an administrative function for staff, rather than a policy decision for the Board.

Mr. Brandt divided the $10 million annual budget by 4.2 million trips a year to arrive at a cost per trip of $2.27. He said that if 200 Sacred Heart riders rode twice a day, five days a week, 45 weeks a year (allowing for vacations, holidays, etc.), the cost to Sacred Heart should be $204,000, based on the $2.27 cost per trip. However, Mr. Pangborn said, the District charges a cash fare of only $.65, and the rest of the cost is subsidized; the $2.27 per trip assumes no subsidy. Mr. Brandt asked why the payroll taxpayers should pay 80 percent of Sacred Heart's employees' rides when the taxpayers were already paying a major share of service. Mr. Pangborn replied that if LTD managed the program correctly, it shouldn't cost the taxpayers more money. There is capacity on the buses for the programs; if the buses reach capacity, the affected group would pay the cost of adding service, assuming it is already a subsidized service. The District will also be adding service for the community whether or not groups are added to the program.

Mr. Brandt thought the argument was a good one until service was added. Then, when the District reaches capacity and has to buy buses, the taxpayers will be required to pay for those who are getting the additional service. Although the policy says groups will pay for additional service, Mr. Brandt did not think it would work that way. He thought the groups would be part of what caused the service to fill up, but would not be charged.

Ms. Loobey said the District's Capital Improvements Plan showed that LTD would buy expansion buses in the future. If the group pass programs were wildly successful, she said, that planned purchase would occur sooner. She said that if a group participant was not a taxpayer, it would have to contribute to the fully-allocated cost of providing the service, but Sacred Heart Hospital does pay the tax and already helps buy every bus the District has. Mr. Pangborn said it comes down to whether the payroll tax is a basic subsidy for service or some sort of user fee. He said that in other communities where transit is supported with a sales tax, it is a simpler arrangement because the entire community pays and the entire community receives service. However, it is more complex for LTD because 5,000 taxpayers subsidize the service, for the good of the community. Ms. Calvert commented that the second largest payroll taxpayer (Sacred Heart Hospital) is already saying it is willing to pay an additional fee for a group pass program. Mr. Viggiano said that the cost to replace lost farebox revenues for Sacred Heart is $15 per year per employee. Their minimum charge would be $19 per year per employee, so LTD would be making $4 per year on each employee; possibly some of that money could be set aside for future service. If every person in the community were in a group pass program and LTD received $19 for each person, it would total $3.8 million. The District currently receives $1.8 million in farebox revenues, so that amount would double. Mr. Pangborn said that in the last seven years, ridership has increased by 50 percent, but service has only increased by 18 percent. He added that there is still a fair amount of capacity in the current service.

Mr. Brandt said he was only in favor of this program if more service and routes were not added, and if the Annual Route Review did not result in a recommendation for more service and routes because there were so many riders. He said he was willing to approve the groups on a one-by-one basis, but he did not want to add 20 more groups this year, and wanted to be fiscally fair to the taxpayers. Mr. Montgomery said no one had yet paid any more tax money than they previously paid, and that when buses are full and LTD can no longer add groups to the group pass program, it could just "back up" from the group pass program. The District could always end the group pass program and no longer need to add service. Ms. Calvert said, however, that the groups would be paying for the additional service, and that she assumed staff would be smart enough to anticipate the costs for the next year.

Mr. Brandt said he thought the program was okay at that point--if the taxpayers didn't pay additional taxes, the District did not add costs, and the programs resulted in the benefit of taking cars off the road.

Ms. Calvert said she hadn't heard concern from the public that the UO was getting a good deal. Mr. Brandt said the UO was different from Sacred Heart Hospital. If medical costs increased, maybe the public would be paying another percentage so Sacred Heart employees could ride the buses. Mr. Brandt wanted the policy to state that the District would not increase its costs or service hours as a result of group pass programs. He wanted the program to use only existing capacity. However, Ms. Loobey, Ms. Calvert, and Ms. Fitch thought that wasn't possible.

Ms. Calvert said the Board was covering no new ground; that opinions had been expressed, and it was time to draw the discussion to a close.

In response to a question from Ms. Fitch, Mr. Viggiano said that the contracts had a 30-day termination clause. If for some reason there were a real problem with the program, either LTD or the group could end the contract with 30 days' notice.

MOTION Mr. Andersen moved to amend the draft group pass policy by (1) deleting the parenthetical reference to the dollar amount for the minimum price per person per year; and (2) changing the statement, "The group pass program will normally apply to all members of the organization, although exceptions to this rule may be made on a case-by-case basis. Exceptions would only be granted if the exempted individuals do not have ready access to the bus system (such as work shifts that are not served by the bus schedule or work sites outside of the LTD service area), and as long as the criteria of the pricing section of this policy are met" to read, "The group pass program will apply to all members in the organization." Ms. Fitch seconded the motion. Mr. Andersen said he made the motion to amend the policy because although he fell on the opposite side of Mr. Brandt's concerns, but felt his motion addressed some of Mr. Brandt's concerns. Also, in the case of Sacred Heart, the parking lots were full and LTD was giving the hospital a good deal. Mr. Andersen felt it was cheaper for Sacred Heart to pay for the extra 900 employees than to build another parking lot. His third reason for the amendment was that he believed that there were already people in group pass programs who could not use the bus because of their shifts or other circumstances. Those organizations have had to pay for those employees, so changing the requirements now would mean that Sacred Heart would receive a better deal than everyone else already on the program. He thought this also showed the danger of ad hoc approval of groups rather than adhering to a common policy.

VOTE There was no further discussion about the proposed amendment. Mr. Andersen's motion passed on a vote of 5 to 1, with Mr. Brandt voting in opposition and all others in favor.

MOTION VOTE Ms. Fitch moved that the group pass policy be approved as amended. Mr. Andersen seconded the motion, and the policy was approved on a vote of 5 to 1, with Mr. Brandt again voting in opposition and all others in favor.

May Board Meeting: Mr. Pangborn informed the Board that the opening of Willamette Street would be back on the agenda for discussion at the May Board meeting. The Board may be asked to take a position at that time.

Presentation by Board President: Ms. Calvert said she remembered that Ms. Loobey had once said she wanted a large salt water aquarium in her office. Now that the facility was completed, Ms. Calvert wanted her to have a substitute for that aquarium, and presented Ms. Loobey with a goldfish in a fish bowl.

ADJOURNMENT: Mr. Andersen moved that the meeting be adjourned. The motion was seconded by Mr. Montgomery and the meeting was unanimously adjourned.

Board Secretary