

MINUTES OF DIRECTORS MEETING
LANE TRANSIT DISTRICT

ADJOURNED MEETING

Strategic Planning Work Session

February 26, 1985

Pursuant to notice given at the February 19, 1985 regular meeting and given to the Register-Guard for publication on February 21, 1985, an adjourned meeting of the Board of Directors of the Lane Transit District was held on Tuesday, February 26, 1985 at 6:30 p.m. at the Red Lion Inn.

Present: Peter Brandt, Treasurer
Janet Calvert, President, presiding
Janice Eberly, Vice President
Joyce Nichols
Larry Parducci, Secretary
Gus Pusateri
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

INTRODUCTORY REMARKS BY GENERAL MANAGER: Ms. Loobey explained that the meeting had been called to enable the Board and staff to discuss issues of major importance to the District which would be occurring over the next several months. She said there would be difficult choices to make if President Reagan's budget passed. If the federal funding is cut, the District will have several choices, including raising the passenger fares, cutting service, or raising payroll taxes, as well as any combination of those three.

Another reason for having a strategic planning work session, she said, was that each month the Board looks at little pieces of the District for a couple of hours. This meeting would give them a chance to look at the whole picture, as well as the key components of the District. Ms. Loobey said that staff wished to know the sentiment of the Board members on specific issues, so staff would have a better idea of the direction the Board might wish to take on certain issues, and to know their feelings about certain concepts, such as what is the District's role in downtown Eugene and in the community, and how LTD can maintain and enhance its presence in the community.

COMMUNITY TRANSPORTATION NEEDS: Mark Pangborn, Director of Administrative Services, spoke about the community's transportation needs and the major variables that affect the District's ability to meet those needs. The major variables are passenger fares, federal funding, and payroll taxes. The State in-lieu-of payroll taxes is expected to remain relatively stable for the next five to ten years. Mr. Pangborn went on to discuss each of these variables in more detail.

Federal Funding: Two types of federal assistance are presently available to the District: capital and operational. President Reagan wants to eliminate operational funding for transit districts, and staff expect a compromise of some sort in Congress—funds will probably be frozen at a lower level or slowly eliminated. It is expected that capital assistance will continue. The District's budget is adopted in June to begin July 1, but federal funds are not allocated until September or October of each year.

Passenger Fares: As background, Mr. Pangborn stated that passenger fares increased by five cents in 1979-80, and in 1981 were increased from 35 cents to 60 cents, an increase which was later determined to be too high too quickly, and did not meet the community's needs. He explained that there are two views of transit services. One is that transit is a social service and an integral part of the community's social infrastructure. The other view is that it is not a social service and that fares should pay for the service.

Payroll Taxes: A major issue for the District is its ability to broaden to tax base. In the sales tax measure being discussed in the Oregon legislature, there is no local option provision. The sales tax is being designed to reduce the property tax, and there would undoubtedly be resistance to increasing property taxes again for transit. The present means of financing is through employer-paid payroll tax revenues. Presently, some jobs are being added in the community, but they are lower paid than timber-related jobs, so the payroll tax returns are lower, as well. If anything is to be done with revenues, he said, the District will have to look at increasing passenger fares or increasing the payroll tax. The payroll tax revenues have now leveled off, and only a one to three percent increase is anticipated for next year. There is no way that such a slight increase in payroll tax revenues can absorb any cuts in federal funding.

SERVICES: Tim Dallas, Director of Operations, spoke about the areas in which the District spends its money.

Scheduled Service: Mr. Dallas explained that 95% of the service run by LTD is urban service, five percent is non-urban, and one percent is subcontracted out for curb-to-curb service. Of the urban service, 89% is run on weekdays in the metropolitan area, seven percent on Saturdays, and four percent on Sundays.

Special Events: Most of the District's services for special events is self-supporting, and many times they generate more revenue than they cost. Some examples of special services are the Lane County Fair, Oregon Country Fair, football shuttles, basketball shuttles, charters, and convention service.

Mr. Dallas stated that service design has a significant effect on the budget.

LABOR: Mr. Dallas explained that running a bus system is a labor intensive service, and that the attitude and morale of first-line "sales" people are essential to the success of the business. Most of the District's employees are unionized through the Amalgamated Transit Union (ATU), which has local, state, and national considerations. Employees belonging to the union are bus operators, maintenance employees, and information clerks. The same local represents transit employees in Salem, Medford, Eugene, and Portland.

LTD's labor agreements are typically three-year contracts and include wages, benefits, and work rules. Mr. Dallas stated that transit contracts contain some work rules unique to transit, and said that the work rules have a significant effect on the District's ability to provide services and on the costs of services. The District's goal is to balance the employees' needs with the needs of the community.

CAPITAL: Mr. Dallas explained that the LTD has investments in buses, which would cost \$10.5 million to replace; passenger facilities such as signs, boarding pads, and shelters, worth \$1.5 million; and operating facilities, which are worth \$3 million. Compared with other transit districts, he said, LTD is under invested in facilities, and our operating costs are higher because we haven't made the investments in facilities. The standard in the industry is that passenger facilities are worth 40% to 50% of bus investments, and operating facilities are equal in worth to the bus investments. Buses have been LTD's primary focus for the past 10 years, with the District's local share for capital purchases being concentrated on rolling stock. At this point, the District's capital needs are to: (1) maintain the present investment by funding for depreciation; and (2) respond to community development and demand by making necessary improvements/investments as the community expands. Present improvements include a new Parkway Station at 29th and Amazon, improved facilities at the University of Oregon, and the design of improvements at Valley River Center. Past community development includes the bus pull-out at the West 11th Fred Meyer store. Some developments, such as the West 11th Fred Meyer and Valley River Center, result from cooperation between the developer and the District.

PROMOTIONS/INFORMATION: Ms. Loobey opened the discussion on this area by stating that it is vital to identify the markets and to "go after them." She mentioned some recent exciting, successful promotions, including the Totally Transit summer pass promotion last summer, the football shuttles, and the commuter promotion being planned for this Spring. Resources are being spent, she explained, to provide information to the community regarding service designed to get new riders on the buses. The District's charter service, and the ability to respond to the transportation needs of specific conferences and conventions, are rapidly becoming an aspect of drawing conventions to the area. In this area, LTD can help develop the tourism industry and build community support. The special charter services do not take funds from regular service. Mr. Brandt and Ms. Eberly thought the District needed to receive more recognition for the special convention service within the community.

Mr. Bergeron mentioned receipt of the Blue Heron award from the Eugene/Springfield Convention and Visitors Bureau in January, 1984, and Ms. Loobey mentioned the Eugene Chamber's selection of LTD to honor in its March Salute to Commerce, in order to show that the District is starting to receive some recognition for its participation in the community. Ms. Nichols thought that letters from successful charters to the City Council would be helpful, and Ms. Eberly thought the general public should know more about the District's involvement in these areas. Ms. Nichols also mentioned how helpful it would be to receive recognition outside the immediate area, such as through an article in The Wall Street Journal or a similar publication.

EXTERNAL FACTORS: Ms. Loobey talked about such things as incremental increases in the cost of gasoline, which do not really make a difference in ridership, and how that differs from factors such as a combination of cost and availability, which does affect ridership. Those are factors over which the District has no control. Other external factors include decisions made by the federal, state, and local governments. She also mentioned that the District is more efficient and effective than it was during the last gas crisis, with 30% less service but the same ridership levels.

PUBLIC SUPPORT: In talking about the public, Ms. Loobey stressed that it was more important to talk about the District's "publics," since many different groups have an effect on its operations. The District needs to communicate with and respond to the needs of several publics, including the media, employees, the Board of Directors, the business community, riders, etc. She said that the District is vulnerable because of the funding sources, and needs to be aware of and sensitive to those issues. Staff and the Board want to avoid the possibility of violating what they have worked for in terms of public support over the last four or five years. Any combination of choices to increase funding will affect public support and the community's transportation needs, and staff recommend a balance in those issues. Ms. Loobey also stressed the fact that the District cannot deal with one of the issues mentioned that evening without affecting all of the others. She added that staff wanted to gain some sense of how the Board members view these kinds of issues as a basis for preparing for discussion at Board meetings.

BOARD DISCUSSION/CONCERNS: Following the staff presentation, an informal discussion in which the Board members expressed their concerns and thoughts on general issues was held. Mr. Dallas explained that staff normally look at issues in the context of the present and bring them to the Board as a recommendation, but that evening the discussion would not be on the specifics of what to do in a certain situation, but on what the Board's priorities and concerns were.

Payroll Tax: In response to a question, Karen Rivenburg, Finance Administrator, stated that an increase in the payroll tax to .006 would mean additional revenue of \$1 million for LTD.

Mr. Brandt and Mr. Parducci both believed that raising the payroll tax would hurt the District in the long run. Mr. Parducci stated that the public has come a long way in the last six months to a year, and if it takes salesmanship on the part of all Board members, then the Board needs to make those contacts "at the top."

Some of the comments expressed by the Board are:

- * Lowering the payroll tax increases public support.
- * Good service leads to increased public support.
- * The payroll tax is only part of the solution.
- * The District should promote the facts; let the public know what we are doing that is beneficial.
- * Spread the tax base; more user support.
- * The self-employment tax is not worth the "heat."
- * The community has no focus on what LTD is doing.

Downtown Transit Station/Community Support: The Board expressed the following concerns regarding these issues:

- * Explain costs of shifting previous capital investments (downtown transit station); work LTD's concerns into a higher priority.
- * Community cooperation and planning are essential.
- * Make direct contact between the Board and City Council. Express negative impact of opening of Willamette between 10th and 11th. (Mr. Brandt had wondered if the entire Board should meet with Mayor Obie to express support for the community but unwillingness to sit by and get "steamrolled" downtown and then have to raise taxes to pay for changes in the downtown transit station.
- * Meet with the Downtown Commission. (Ms. Loobey stated that staff had been approached about having the Board President and the two downtown members of the Board (Ms. Nichols and Mr. Brandt) meet with the Downtown Commission.)
- * Take a positive approach to community priorities. Show how the District can enhance City/community projects.
- * LTD should not fund City "change" policies. The District has been operating efficiently and should not be penalized because the City does not have the money.

- * LTD's credibility is the issue.

Capital Investments: Mr. Dallas stated that the large amount of money needed for a new operating facility would be mainly federal money. He asked the Board to discuss the priorities for an operating facility, especially at a time when the District could be raising local share and losing federal operating funds and participating in labor negotiations.

Ms. Calvert thought the resources had to be shared. She thought it would be unproductive to significantly increase fares, and she saw no choice other than to increase the payroll tax. Mr. Brandt thought that if the community was convinced that LTD needed a new facility, it would be done. If the community wanted its transit to be "sleepy hollow," that should be the path LTD follows. It will be up to the District to convince the total publics of Eugene and Springfield that the facility is needed.

Comments made by the Board were:

- * Raise payroll tax.
- * Explain the need for tax support and convince the public of that need.
- * Does LTD need the facility?
- * Timing is critical; LTD must be sensitive to the local attitude and economy. Ms. Eberly stated that she felt positively about selling the facility as a real need, but she was concerned about how many payroll taxpayers are willing or able to be taxed or to respond to the need for a higher tax. She thought the local economy was not "out of the water" yet.
- * LTD must "sell" any tax increase.
- * The facility is part of the total community development, but not all publics are yet in support (acceptance and timing are critical).
- * Mr. Brandt talked about doing what the District can afford. He said the District can afford the new facility, but it is to LTD's advantage to not spend the community's money until they are willing to expect community growth and development.

Mr. Dallas asked if, knowing the barriers the District faces to accomplish the project, it is possible for the Board and staff to convince themselves and the community that the facility is needed and to generate support for it. Ms. Calvert wondered how the Board members would obtain that kind of feedback since they were not elected by the community. She suggested putting out the facts for the public and letting them think about them for awhile. She thought that almost anyone would agree that

buying property now makes sense, although there might be some opposition to "plush" administrative facilities. She thought the maintenance facility might be easier to "sell" since it is directly related to service, but that the public might not be convinced about doing the entire project at one time. Mr. Dallas said staff were investigating the phasing of the project so that it is not all built at once to meet the needs of the year 2005. However, he said, the project is not yet into the necessary level of design detail to make that assessment and to know where the economies are. Comments from the Board included:

- * "Sell" first.
- * LTD must provide leadership.
- * What are the future benefits/payoffs of the project?
- * What are the transit benefits?

Widening of 6th and 7th Avenues: Ms. Calvert said that the District had been approached to support the widening of 6th and 7th Avenues. Ms. Loobey stated that the District does not run a lot of service on those two streets and that there is a lot of political risk in supporting the widening. Mr. Brandt said it was an issue of economic development and improving the future, and he wouldn't mind supporting it. Ms. Calvert wondered about alienating the "pro-tree" people, who also support alternate forms of transportation. Ms. Nichols stated that she did not have a problem with the District taking a stand as long as the political issues were understood. Mr. Pusateri thought the District should not be on the "bandwagon" for all issues, but support some things. Mr. Brandt commented that LTD is a successful organization and staff have done a tremendous job in efficient operations and increasing ridership. He thought LTD should be a voice of public leadership. Important concepts on this issue were:

- * All positions have liability; the District must evaluate them.
- * This should be seen as an issue of 6th and 7th Avenue improvements rather than widening the street or cutting down trees.
- * LTD should be a voice in policy leadership.

Labor Negotiations: Mr. Dallas informed the Board that information on the negotiations process would be available at the next Board meeting. Mr. Pusateri expressed some concerns about President Reagan's proposed budget cuts for mass transit and preparing for District labor negotiations. Mr. Dallas said that the effect of federal funding reductions would not be known until the new federal fiscal year on October 1. Ms. Loobey stated that transit contracts would be the major contracts for the AFL/CIO in Oregon in the next two years.

On the Mark? Mr. Dallas asked if the staff had missed the mark, put the Board on the spot, or made any Board members uncomfortable with their recommendations during the past year. Mr. Brandt and Ms. Eberly commented that they had never been surprised and had felt good about the Board and staff processes. They also agreed that it was good to have the opportunity for more informal discussion about general issues, and that it should be done approximately every six months.

Mr. Brandt mentioned his belief that the Board subcommittees needed to agree in public on issues, and should not be divided on big issues.

Mr. Dallas said there was some burden on the part of the Board to contact staff about placing policy issues on the agenda, if staff have not done so. Mr. Pangborn stated that staff tend to take a more conservative approach and not place things which might compromise the Board on the agenda if they are not asked to do so. Mr. Brandt expressed his belief that the staff and not the Board should run LTD, since that's where the training and abilities lie.

Meeting regarding Downtown Issues: Ms. Calvert, Ms. Nichols, and Mr. Brandt were informed of a meeting scheduled for Thursday, March 14 at 7:30 a.m. at the Trawler, to discuss downtown issues with the Downtown Commission. It was explained that if more than three members of the Board met, that would be a quorum of the Board and the meeting would be considered a public meeting, with requirements for public notice, etc. Staff agreed to brief those Board members before the meeting.

ADJOURNMENT: Since the regular March Board meeting was scheduled to occur during spring vacation and several members would be out of town, Ms. Nelson moved that the meeting be adjourned to Tuesday, March 12 at 7:30 p.m. in the Eugene City Hall. After seconding by Ms. Eberly, the meeting was unanimously adjourned.

MOTION

VOTE


Secretary

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