

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT

July 9, 1974

A meeting of the board of directors and budget hearing of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on July 9, 1974, at 7:30 p.m. pursuant to call of the president and notice duly given to all of the members.

Present:

Gary Buell
Jack J. Craig, Treasurer
Marcella Fetzer
Daniel M. Herbert, President, presiding
Kenneth H. Kohnen, Vice President
Glenn E. Randall, Secretary
Fred Dyer, General Manager
Richard Bryson, Counsel.

Absent:

Ruth A. Shepherd.

Mr. Herbert opened the meeting and gave a brief statement of the background on the subject of county-wide bus service and mentioned the requests and petitions which the board has been receiving to institute county-wide service. Mr. Herbert then invited public participation and discussion of the budget.

Elinore Durnell, secretary of the Lane County Chamber of Commerce and a member of the board of directors of the Florence Chamber of Commerce, spoke in opposition to the extension of bus service and payroll tax to the city of Florence and filed with the board letters from the Lane County Chamber of Commerce and the Florence Chamber of Commerce to that effect.

Wilbur E. Ternyik, appearing on behalf of the Florence Chamber of Commerce, told the board that it was unjust to tax employers in the city of Florence for bus service. He said that the present experimental bus service instituted by the Lane County Social Services Division is going begging for riders. He stated that Florence should not have to help subsidize service for the metropolitan Eugene area and that if forced to do so, the residents of the Florence area would make an effort to withdraw from Lane County.

Lee Yeager of Blue River, Oregon, representing the McKenzie River Chamber of Commerce, spoke against extension of the payroll

tax to his area and indicated his concern that the proposed initial bus service to that area would not be adequate.

Bessie Raymond of Cottage Grove, Oregon, told the board that she is a tenant in a low-cost housing development, having sixty occupants only seven of whom have cars. She informed the board that many of those occupants are unable to afford existing bus fares and are elderly people who need mass transportation services.

Jack B. Lively, a Springfield, Oregon, attorney, spoke on behalf of the Cottage Grove Chamber of Commerce which, he said, has passed a resolution opposing adoption of the budget and extension of service to Cottage Grove. He said he believes that the City Council of Cottage Grove has just passed a similar resolution. He informed the board that if the payroll tax at the present rate were applied to payrolls in the Cottage Grove area, it would produce revenue of about \$98,700.00, and that according to the district's cost analysis, the cost of the projected service to the Cottage Grove area would only be \$16,016.00. He questioned the need to raise \$98,700.00 to meet the cost of only \$16,016.00. Mr. Lively asserted that there had not been an adequate study made by the district and suggested that bus service and the payroll tax should not be extended to the Cottage Grove area until the matter had been given further study.

Ron Paddock, mayor of the city of Oakridge, addressed the board. He agreed that there may be some need for mass transportation services to the Oakridge area, but advocated further study and consultation with the Oakridge area people before the district proceeds. He requested the opportunity for the people in the Oakridge area to work with the district before bus service and the tax are extended to Oakridge.

Jim Bradbury, public affairs manager for Weyerhaeuser Company at Springfield, Oregon, opposed the extension of bus service and the payroll tax. He told the board that there has not been sufficient information and sufficient time for a proper study of the expansion of service and extension of the payroll tax and filed with the board a letter from Weyerhaeuser Company and copy of an editorial from the Cottage Grove Sentinel, to the effect that more information is needed about the proposed expansion of service.

Holly Hutchins, director for public relations for Pope & Talbot, Inc., spoke in opposition to the extension of service and extension of the payroll tax to the Oakridge area. He pointed out that the service would cost about \$18,000.00 but the tax for that service would be about \$60,000.00 and felt that the tax in that amount would be unfair. He strongly opposed extension of service without further study and filed a letter from Pope & Talbot, Inc. to that effect.

Laura Paapanen, from Rattlesnake Road area, said that she favored extension of service to that area.

Annabel Kitzhaber, representing the Central Lane County League of Women Voters, addressed the board in support of the extension of service. She said that she believes there is a need to extend the service and that it is likely that the energy crisis will return. She emphasized the importance of the fact that the county has said that it will put up funds to help the extension of service and that the federal grants are also available for that purpose. She reminded the board of the fact that the community as a whole receives benefit from the extension of service even though some people do not get exactly their moneys worth based on comparison of the tax with the direct benefits received by the taxpayer. She urged the board to adopt the budget and extend the bus service.

Gordon Quimby, representing Greyhound Bus Lines, mentioned that he would be concerned if the district goes into competition with Greyhound and that this might force Greyhound to reduce its service in the areas involved.

Marilyn Clampett, from the Elmira-Veneta area, stated that she wanted to put in a strong plug for the anti-pollution factor in mass transportation.

Leonard Wildish of Eugene, Oregon, former member of the district's board of directors, urged the board to cherish its authority which he described as being very broad. He disagreed with the expenditures in the budget under the Capital Improvements category and advocated deleting a substantial amount from the budget on shop equipment. He also mentioned that the timber industry in this area competes on a world market and the payroll tax places that industry at a disadvantage with its competition.

Hal McCall spoke on behalf of Bohemia, Inc. He did not oppose mass transportation, itself, but spoke in opposition to payroll tax. He also advocated holding public meetings in the outlying areas before extending service to those areas.

Steve Wendell, representing Bohemia, Inc., seconded Mr. McCall's remarks.

Ken Babb, from the Lowell-Dexter-Pleasant Hill area, addressed the board in support of the extension of service throughout that area and advocated support of the plan in order to help remove automobiles from the highways and help the poor and elderly get transportation services.

James H. Anthony, general manager of Edward Hines Lumber Company, president of the Oakridge Planning Commission, and member of the Airport Commission and a member of the Citizens Planning Advisory Committee for Lane County, opposed the extension of service and extension of the payroll tax to the Oakridge-Westfir area until the matter has been given further study. He charged the board with failure to consult with the people in that area, objected to the

proposed service as being inadequate and the proposed cost for that service as being excessive. He urged the board to delay extension of service and tax to that area until further study can be given and alternatives considered. He filed with the board a letter to that effect.

John R. Auld, a small business man from Eugene, Oregon, spoke against the payroll tax and pleaded with the board to find another method of financing its operations.

Edward E. Rubey, of Eugene, Oregon, a certified public accountant, opposed the budget and expressed the view that the staff has not given sufficient details of the estimated revenues in the budget. He urged the board to look with caution at the estimate of revenues as he does not feel that the estimated revenues will be forthcoming. He mentioned, for example, that the budget contains an estimate of \$210,000.00 to be received from a Lane County grant, whereas in fact, the county only expects to put up \$135,000.00. He felt that the estimate of receipts from the payroll tax was not realistic and that the same is true of the estimated fare box revenues. He advocated retention of the present level of service and a reduction of some \$900,000.00 in the budget. He expressed the opinion that unless a more detailed study is made of estimated revenues, the board might be in violation of the budget law in adopting the budget at this time.

Harry S. Worth, representing the Oakridge Chamber of Commerce, asked the board to exclude Oakridge from its extension of service and tax at this time. He suggested that there be further study made of the ridership to be expected in the area and the scheduling of bus service. He also expressed concern that harmful competition with Greyhound might result in loss of Greyhound service. He filed a letter from the Oakridge Chamber of Commerce to the board of directors.

Ronald S. Peterson, city administrator of the city of Oakridge, made a statement to the board and filed a letter to the board from the city of Oakridge. He told the board that last March the city of Oakridge asked the district if it would provide service to the Oakridge-Westfir-Westridge area and that they were told that no service was planned for that area now or in the distant future. They then started their own project and are applying to the Oregon Department of Transportation for financial assistance. He described the transit district's proposed service to this area as inadequate and doomed to failure. He presented the request of the city of Oakridge that his area be deleted both from bus service and the payroll tax until they have had an opportunity to follow through on their own application for funds for their own transportation project or until the transit district is able to gain the public input from that area to enable the district to develop an adequate and comprehensive mass transit system for the area.

Leif Flugstad of Cottage Grove, Oregon, said that he had interviewed 157 business men in the county who thought that mass transportation was a good idea in general, but that the planning had not been adequate and the method of financing was objectionable. He urged the board to give the matter more study and planning before extending service to the Cottage Grove area.

Jack Woods of Marcola, Oregon, expressed the need for some form of transportation in the Marcola vicinity as there is now no Greyhound or other bus service. He told the board that there aren't enough employers in that vicinity to provide much financing through a payroll tax and suggested that the board consider other methods of financing such as partial reliance on property tax.

Howard Smith, representing International Paper Company, opposed the extension of service without further study.

Mr. Herbert asked if any other people in the audience wanted to be heard, and there being no response, he declared the public hearing part of the meeting closed. He asked if any of the board members cared to respond to any of the statements that had been made. Mr. Kohnen said that in response to a suggestion that the board study alternative sources of revenue, he felt that such a study would take too long and could not be made in time to be helpful in preparation of the current budget.

The president declared a ten minute recess.

After the recess Mr. Herbert asked if any other members of the board of directors had any comments. Mrs. Fetzer said that she comes from the Junction City area where she has worked with the senior citizens and the poor and had observed that they are in need of mass transportation services.

Jack Craig apologized for the district's lack of communications with people in the outlying areas and attributed this lack to the shortage of administrative assistants in the district's staff. In response to Mr. Rubey's statements, Mr. Craig said that it is not true that the budget had not been carefully prepared and stated that he felt that Mr. Rubey is prejudiced. He took exception to Mr. Rubey's threat of litigation against the district. He also said that the district staff has worked hard in preparation of the budget and had prepared it carefully and that the board had given the matter a great deal of study.

Gary Buell informed the board that he would favor extension of service only after a broader base of financing has been found.

Kenneth Kohnen suggested that the board should take another look at the estimate of revenues as spending would have to be curtailed if the estimates are too high. Mr. Craig pointed out that

the board has explored and studied the revenue estimates at length in prior meetings.

Fred Dyer, the general manager of the district, responded to the points raised by Mr. Rubey concerning anticipated revenues. He defended his estimate of fare box revenues on the basis of the trend of growth in ridership and fare box revenues and the additional revenues expected by reason of the adoption of the new monthly pass for bus riders. He reminded the board that his estimates of anticipated revenues each year from fare box receipts has been very accurate. As far as the expected contribution from Lane County is concerned, he explained that the variation of \$75,000.00 simply depended upon whether that money which is expected to come ultimately from the federal government would come through application by Lane County or would come direct from the federal government to the transit district. He said the district would receive the same amount of money either way. He also explained the estimate of payroll taxes and pointed out that the previous year's receipts were partly based upon a lower tax rate before beginning of the fiscal year. He informed the board that in making his estimate of increased revenues, he was counting on extension of the payroll tax to the entire county and on increased payroll due to the inflation and industrial growth.

Craig Robinson, who was the first president of the transit district and chairman of its board of directors obtained special permission from Mr. Herbert to interject his remarks. He reminded the board that the district had been formed because of the specific requests of the city councils of the cities of Eugene and Springfield to fill an existing urgent need for service. He stated that he felt the board of directors would be very hard pressed to justify extending service to outlying areas without the same kind of enthusiastic support from the city administrations in those areas as the district had from Eugene and Springfield in its inception.

At the request of Mr. Dyer, the president, Dan Herbert, asked the board to interrupt, temporarily, its budget consideration in order to permit the introduction of a resolution which would authorize the signing of the new capital grant contract just received by the general manager.

On motion duly seconded, the following resolution was unanimously adopted:

"RESOLVED that Lane County Mass Transit District, a municipal corporation of the State of Oregon, enter into a contract with the United States of America, Department of Transportation, Urban Mass Transportation Administration, to provide for the undertaking of an urban mass transportation capital improvement project by this District with financial assistance from the United States of America in

the form of a capital grant, all as set forth in written grant contract designated 'Urban Mass Transportation Capital Grant Contract' Project No. OR-03-0007, said project consisting of acquisition of 23 buses, 4 support vehicles, 2 shop properties, various mechanical, administrative, and support equipment; that Daniel M. Herbert, President of this District, is authorized to sign said contract in the name of this District, and Glenn E. Randall, Secretary of this District, is authorized to affix the Corporate Seal of this District thereto and attest the same, and that the appropriate officers of this District are authorized to take such further action as may be necessary or desirable to effectuate the intent of this Resolution."

The board then resumed consideration of the budget. Mr. Dyer was asked whether he had any changes that he was recommending in the budget as approved by the budget committee. Mr. Dyer informed the board that it would be necessary to add a line item under the category of Materials and Services for repayment of a loan of \$150,000.00 and interest thereon of \$1,650.00, making a total item of \$151,650.00 as the district had to borrow that sum on June 28 to meet its payroll and other current expenses.

Mr. Dyer also said that in response to the budget committee's decision to limit the item of "total administration" under the category of Personal Services to the sum of \$100,000.00 in total, Mr. Dyer recommended changing the item for general manager's salary to the sum of \$23,400.00; changing the item of \$23,400.00 for administrative assistants to a new figure of \$16,780.00 and changing the item of \$11,550.00 for clerk-typist to a new figure of \$6,660.00 thereby producing the required total of \$100,000.00 for "total administration" under the category of Personal Services.

Mr. Dyer also asked the board for the following changes in the budget in order to make up for the recommended expenditure of \$151,650.00 for repayment of loan and interest as follows: a reduction of the item of \$34,935.00 for driver supervisors to a new total of \$24,935.00; a reduction of the item of \$22,920.00 for mechanic supervisor to a new figure of \$15,000.00; a reduction of the item of \$1,196,560.00 for drivers to a new figure of \$1,151,435.00; a reduction of the item of \$39,310.00 for communication clerk to a new figure of \$26,205.00 (the foregoing items being in the "operations" section of the Personal Services category of the budget); a reduction of the \$141,000.00 for retirement in the benefits section of the Personal Services category to a new figure of \$121,000.00 and a reduction of the figure of \$63,700.00 to a new figure of \$8,200.00 for bus shelters under the Capital Outlay category of the budget, thereby offsetting the \$151,650.00 additional expenditure for repayment of loan and interest.

Mr. Dyer further explained to the board that with the foregoing requested changes in the budget as approved by the budget

committee a total budget of \$4,707,725.00 approved by the budget committee would remain the same and the amounts in the respective categories would be as follows: \$2,195,485.00 for Personal Services; \$1,034,940.00 for Materials and Services and \$1,477,300.00 for Capital Outlay. Jack Craig moved the adoption of the budget in the amount of \$4,707,725.00 as approved by the budget committee and with the changes requested by Mr. Dyer. The motion was seconded and the board proceeded to discuss the matter.

In response to inquiry by the president, the board's legal counsel, Mr. Bryson, advised the board that adoption of the budget would not require the board of directors to go ahead and spend the entire amount of the budget or to extend service to the outlying areas nor to extend the payroll tax. He advised that without adoption of items in the budget for those programs, the board would not be able to pursue them, but, on the other hand, adoption of the budget, while it would make such expansion possible would not require it.

Mr. Kohnen expressed reservations about extending service without further study and agreed with the remarks of Mr. Robinson that the district should not extend service to outlying communities without support from those communities.

Mr. Herbert asked the general manager about the timing as far as the tax levying is concerned. Mr. Dyer replied that the state tax commission would want to be notified by August of any extension of the tax, but suggested that he could ask the tax commission to proceed with preparation of the necessary forms on the assumption that we would extend the tax so that the forms would be ready if needed.

Mr. Kohnen informed the board that Lane County has not yet approved its budget with the item of \$135,000.00 for the benefit of the district as anticipated in the budgeted revenues.

Jack Craig expressed the view that the district should proceed promptly to carry out its commitment to extend service to the outlying areas and told the board that LCOG had held hearings in the outlying areas which were well attended by people requesting the extension of service.

Mr. Herbert stated that before the district extends service and extends the payroll tax, there would be action taken by the board of directors separately on those matters. He noted that he had been impressed with the representations to the board from the outlying cities; however, in view of the fact that the budget permits but does not require the district to extend the service and the payroll tax, he felt that the board should proceed at this time to adopt the budget.

Jack Craig remarked that the hearing demonstrated the fact that big business brings a lot of pressure on city officials.

On motion of Jack Craig, duly seconded, the board then adopted the following resolution:

"BE IT RESOLVED that the budget of Lane County Mass Transit District as approved by the budget committee and as amended by this board of directors of said district at this meeting in the total sum of \$4,707,725.00, be, and it is hereby adopted."

On motion of Mr. Randall, duly seconded, the following resolution was adopted:

"BE IT FURTHER RESOLVED that said budget be and it is hereby appropriated and allocated in the following amounts for the following purposes: \$2,195,485.00 for Personal Services; \$1,034,940.00 for Materials and Services; \$1,477,300.00 for Capital Outlay, for budgetary and allocation purposes only; and the manager is not to expend the funds so appropriated except as previously authorized without further authorization of the board of directors of said district."

Meeting adjourned.
