

MINUTES OF BUDGET COMMITTEE MEETING

LANE COUNTY MASS TRANSIT DISTRICT

May 24, 1977

Pursuant to public notice to the Register Guard for publication on May 16, 1977, and Newservice 16 and distributed to persons on the mailing list of the District, a meeting of the budget committee of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on May 24, 1977, at 7:30 p.m.

Present:

Board members

Richard A. Booth, Treasurer
Jack J. Craig
W. Gene Davis, Secretary
Daniel M. Herbert, President
Annabel Kitzhaber
Kenneth H. Kohnen, Vice President
Glenn E. Randall

Appointed members

George Baker
Paul Bonney
Tom Denning
Donna Kaehn
Robert Moulton, Chairman, presiding
Agnes Van Devender

Fred C. Dyer, General Manager
Phyllis Loobey, Budget Officer
Mavis Skipworth, Recording Secretary

News media representatives:

Marvin Tims, Register Guard
Warren Hill, Springfield News

Absent:

Shirley Minor

MOTION
VOTE

MINUTES: Minutes of the budget committee meeting of May 10, 1977, were unanimously approved as distributed.

PRESENTATION OF BUDGET MATERIALS: Phyllis Loobey, Budget Officer, presented the budget message and the budget for the fiscal year beginning July 1, 1977, showing proposed expenditures of \$2,974,733 for personal services, \$790,550 for benefits, \$743,130 for materials and services, \$261,385 for contractual services, \$141,021 for capital outlay and \$77,654 for general working fund, making total proposed expenditures of \$4,988,473 and estimated resources of the same amount. The proposed budget was based upon a 5¢ increase in fares and at the current payroll tax rate of .0054. Ms. Loobey said objectives for the 77-78 fiscal year would include additional Sunday service, Project FARE, maintaining the June 13 level of service, and a full year of Dial-A-Bus operation.

Mr. Baker commented that it was his understanding that the proposed budget would be based on Option IV with an increased payroll tax of .0057, and Ms. Loobey responded that the staff had been successful in preparing a budget within the present tax rate that met the objectives. She reported that the cost of Project FARE implementation for CITRAN, Ft. Worth transit, was over \$70,000, but that they had computerized the entire process, and as the implementation for this district would not be so extensive, she had included \$25,000 for Project FARE, distributed throughout the budget.

Ms. Loobey presented data, for comparison purposes, as published in 1975 by the Local Government Personnel Institute, State of Oregon, indicating percentages of gross pay paid for fringe benefits in the private and public sectors. Mrs. Van Devender noted that the percentage listed for the district used 1977-78 figures and the comparison would be inaccurate.

Mr. Herbert said it was his understanding that Option IV included an amount of \$70,000 for Project FARE and should implementation cost less, the extra resources could be used to explore the possibility of an industrial shuttle. He observed that the working capital fund included under Option IV had been decreased, and expressed concern that although the objectives appeared to be met without a payroll increase, he believed it was illusory.

Mr. Booth said he believed a priority had been established for Sunday Service over industrial shuttle. He commented that, as the greatest expense in the budget was for payroll, there could be a decrease in that category and consideration should be given to adjusting benefits to the level of the private sector.

PUBLIC HEARING: Mr. Moulton opened the public hearing portion of the meeting and invited public comment.

Clark Cox, of 1085 Patterson Street, identified himself as a member of Citizens Advisory Committee, representing West University Neighbors. He said the budget seemed acceptable but asked why Christmas and New Years were not included in Sunday service schedules. Mr. Rynerson advised that as businesses would not be open, there would be particularly low ridership. Mr. Cox said that some service should be available on those days for people wishing to visit relatives and friends.

Edward Rubey, Certified Public Accountant, residing at 2730 Laurelwood Lane, expressed several concerns: 1) that the summary of proposed expenditures included \$77,654 as General Fund and he believed the public was entitled to know what it was for, 2) that anticipated operating revenues would exceed 1977 farebox revenue by \$108,000, and he wished assurance that the additional resources would result from a 5¢ fare increase, 3) questioned a projected increase of \$365,000 in payroll tax revenues, and 4) that an "operating loss" of \$600,000 is indicated over last year and he asked if the discrepancies between expenditures and revenues could not be narrowed. Ms. Loobey responded that 1) the General Fund included reserves for development of a capital working fund, as well as the local share to close out the capital grant, 2) that the increase in anticipated operating revenues includes a 5¢ increase in base fare and zone fares, and 3) that the projected payroll tax revenues are based upon last year's growth. Mr. Craig responded to Mr. Rubey's fourth concern, stating that transit is a public service needed by the community and that, to meet energy needs, the cost for public transportation will increase. He said he believed the district operates one of the most efficient systems in the country and hoped that the chambers of commerce would be constructive to help improve the system. Mr. Rubey suggested they had different philosophies, and asked if the district was rendering mass transit service or a welfare service to the community, that Sunday and Dial-A-Bus service costs are disproportionate for the benefits to the public at large. He said he believed the committee has a duty to analyze these costs before approving a budget.

MOTION

BUDGET COMMITTEE DELIBERATION: Mr. Randall moved that the budget committee approve recommendation of the budget as submitted. Mr. Craig seconded the motion.

Mr. Davis commented that although he did not agree with everything in the budget, he believed it to be reasonable.

MOTION #2 Mr. Booth moved that the chairman call for the question and the motion was duly seconded. The chairman advised that a two-third majority vote would be necessary for approval to terminate discussion before all committee members had been given an opportunity to speak. A vote was taken and failed with favorable vote by Baker, Bonney, Booth, Craig, Davis, Denning, Kaehn, and Randall, and opposed by Herbert, Kitzhaber, Kohnen, Moulton and Van Devender.

MAIN
MOTION
AMEND #1

Discussion on the main motion continued. Mr. Kohnen suggested that an amount of \$25,190 committed to close out the capital grant should be transferred from the general fund to capital outlay, and that the remaining funds be designated as an unappropriated cash balance. Following further discussion, there was consensus that this would be considered as an amendment to the main motion.

Mrs. Kitzhaber expressed concern that the possibilities of an industrial shuttle had not been explored. Ms. Loobey said that a market feasibility study could be conducted by the staff, but that no funds for implementation had been included in the budget. It was suggested that the employers could be contacted regarding desired service, the cost could be determined, and implementation considered for the 1978-79 budget.

Mr. Kohnen advised that Mrs. Finne of Jasper had asked at the last board meeting for reconsideration of deleting the Jasper route, and that he had subsequently received three letters from residents in the area requesting continuance of some service.

MOTION AMEND #2 Mr. Herbert voiced the opinion that the district should start accumulating funds for local share of replacing buses and for transit stations. He moved that the committee approve a recommendation to increase the payroll tax from .0054 to .0057 and distribute the additional revenue equally into the working capital fund and a reserve for capital outlay. Mr. Craig seconded the motion.

MOTION #3 VOTE #3 Mr. Randall moved the committee recess for 10 minutes. The motion was duly seconded and carried with favorable vote by Baker, Bonney, Craig, Kaehn, Kitzhaber, Kohnen, Randall and Van Devender, and opposed by Booth, Davis, Denning, Herbert and Moulton. After a 10 minute recess, the committee reconvened.

Mr. Davis said he believed an increase in the payroll tax would be extremely unfair to the businessmen, that employers have every right to demand industrial shuttles which would deplete the additional revenues that would be received, but that employers would prefer no industrial services to having the payroll tax increased. Mr. Craig said it would be unfair to raise the fares and not increase the payroll tax; that the suggested increase was not excessive. Mr. Randall observed that Mr. Herbert had spent probably more time studying the transit system, its operations and its needs, than other board members, and if he was convinced of the necessity to have additional funds available, Mr. Randall would support the amendment.

Mr. Moulton said the main motion meets just the basic needs; that the population will have to make greater use of mass transit in future years and transit needs will grow; that, although the payroll tax is inequitable, it is easy to collect and administrate. He added that the tax is imposed against a segment of the

community that is relatively defenseless; that although providing services to the handicapped, elderly and others who really need it is appropriate, there are elements of welfare in it and the direction the district is pursuing destroys the original purpose in adopting the payroll tax as there was supposedly a relationship between providing mass transit and the business segment. He said he had hoped revenue could be derived from the gasoline tax, but as it did not seem to be available, an income tax on personal income would be more equitable; that the board should consider implementation of a personal income tax, not against business income, that would give justification for continuance of the payroll tax to some degree. He said the public should be informed of the need and he would urge board members and business to work together on this issue to obtain a more equitable basis for funding mass transit.

Mrs. Kitzhaber said she would favor the amendment because of the need for working capital for emergencies but agreed with Mr. Moulton that support for the income tax should be pursued, although it could not affect the budget for the coming fiscal year.

Mr. Craig commented that the payroll tax is not necessarily regressive on businesses as the tax can be deducted from their income taxes and charges can be adjusted to absorb the tax; if the transit district were to drop the payroll tax, other areas of local government would use it at a higher rate. He agreed that a modest personal income tax should be pursued and voted upon by the public.

Mr. Kohnen said he was sympathetic to the need for an increased working capital fund but believed the district could wait another year, as the payroll tax is an irritant and brings much criticism against the transit district. He agreed with Mr. Moulton that the district should pursue a workable income tax on individuals and retain the payroll tax for businesses for a broad financial base, with both at low rates.

Mr. Randall agreed that the board and businesses should work together toward implementation of an income tax, but said there has not been a willingness on the part of the business community to do so.

AMEND #2

The question was put on the amendment to increase the payroll tax to .0057, and carried with favorable vote by Baker, Bonney, Craig, Herbert, Kaehn Kitzhaber and Randall, and opposed by Booth, Davis, Denning, Kohnen, Moulton and Van Devender.

VOTE

Mr. Davis observed that the district had again taken advantage of the businessman and asked how the board expects to get together with business with such policy actions; that the board has discussed implementation of an income tax but has been "chicken" to follow through which is the reason the business community has not assisted. Mr. Randall suggested the businessmen meet with the board regarding an income tax to see what could be accomplished. Mr. Craig said he believed the income tax should go to the voters. Mrs. Van Devender expressed the opinion that an income tax encourages a local district to spend money just because it is there, that it would be difficult to obtain voter passage, and she would speak against an income tax.

Mr. Kohnen spoke of the importance of a viable transportation system for the community, that reliance on transit will increase as gasoline becomes more expensive. He said that the role assigned by local government will vastly expand transit service and a long lead time is necessary for development. He added that the proposed budget limits the amount that can be accomplished but is in line with the long range plans and he would support the motion.

MAIN
MOTION
NOTE

The question was put on the main motion as amended by providing for the budget as presented plus the additions encompassed in Mr. Herbert's amendment. The motion carried with favorable vote by Baker, Bonney, Craig, Herbert, Kaehn, Kitzhaber, Kohnen, Moulton and Randall, and opposed by Booth, Davis, Denning and Van Devender.

Mr. Booth commented that the committee seemed to have allocated the maximum resource level they believed they could demand from the community, and he hoped that in another year the budget would be built on needs and then determine the financing.

Mr. Herbert commented that the anticipated costs of implementing and administering an income tax are high, and the board should explore Mr. Moulton's suggestion of an income tax on only personal income. He said it is important that the general transportation plan for the community assign a role for public transit and there should be general understanding that the payroll tax cannot pay for it, that the public should understand that their support is needed in order to get an income tax.

Mr. Booth said he believed the percentage on payroll should be equal for employer and employee. He stated that the budget should be subject to voter approval.

Meeting adjourned.


Secretary