

MINUTES OF DIRECTORS MEETING

LANE COUNTY MASS TRANSIT DISTRICT

REGULAR MEETING

September 20, 1977

Pursuant to public notice given to the Register Guard for publication on September 15, 1977, to Newservice 16, and distributed to persons on the mailing list of the District, the regular monthly meeting of the board of directors of Lane County Mass Transit District was held at the City Hall in Eugene, Oregon, on September 20, 1977, at 7:30 p.m.

Present:

Richard A. Booth, Treasurer  
Jack J. Craig  
W. Gene Davis, Secretary  
Daniel M. Herbert, President, presiding  
Kenneth H. Kohnen, Vice President  
Fred C. Dyer, General Manager  
Richard Bryson, Counsel  
Mavis Skipworth, Recording Secretary

Oregon State Dept. of Revenue representatives:

George Weber, Administrator  
Armand Borde, Division of Audit  
Sherry Olson, Fiscal Department

News media representatives:

Marvin Tims, Register Guard  
Lois Lindsay, Springfield News  
Clay Eals, The Oregonian

Absent:

Glenn E. Randall

MOTION  
VOTE

MINUTES: Minutes of the regular board meeting of August 16, 1977, were unanimously approved as distributed.

AUDIENCE PARTICIPATION: The chairman invited public comment and there was no response.

CITIZENS ADVISORY COMMITTEE: Clark Cox, member of Citizens Advisory Committee, reported briefly on the September 13 meeting. Minutes of that meeting were distributed for board information.

PUBLIC HEARING - SECTION 5 OPERATING ASSISTANCE PROJECT: Mr. Herbert advised that the purpose of the public hearing was to receive public testimony concerning the District's application for Federal Operating Assistance from the Urban Mass Transportation Administration; that the application requests \$721,996 in funds for the FY 1977-78 allocation as provided under the UMTA Act of 1964, as amended; that the funds will be used to support programs approved with the adoption of the FY 1977-78 budget. The chairman then declared the hearing opened for public testimony. There being no response, he once more invited public comment. As there was no response, he closed the public hearing.

MOTION

Mr. Kohnen moved that the submittal of the Section 5 Project Application to UMTA with all the Assurances, Resolutions, and Certifications contained therein be approved. The motion was duly seconded and carried unanimously.

VOTE

BUDGET INFORMATION: Michael Merrell, Accountant, advised that various events have occurred which materially affect the 1977-78 Operating Budget: 1) the Beginning Fund Balance is higher than projected due to a favorable inventory adjustment and the unanticipated carrying over of radio and shelter transactions to FY 1977-78; 2) Operating Assistance allocation for FY 1977-78 is higher than anticipated; 3) Federal funds remaining available under Capital Grant II are higher than projected, primarily due to the unanticipated carrying over of radio and shelter transactions to FY 1977-78; and 4) the net effect of these changes would allow the district to designate a greater amount of local funds for future capital outlay. He said that following legal publication, the revisions will be presented for board action.

PROPOSED INCOME TAX ORDINANCE: The chairman introduced representatives of the State Department of Revenue. He then called attention to a letter included in the agenda materials dated August 18, 1977, from George Baker, Budget Committee member, listing his observations and suggestions of the proposed income tax ordinance.

Mr. Herbert suggested that discussion be held on the administration and costs involved in the two following alternatives: 1) a payroll tax to apply to all employers, and an income tax on individuals, with a credit on the income tax for any amount paid in payroll tax; 2) a payroll tax on corporations and an income tax on all individuals.

Mr. Weber said that the additional burden of administering a credit system on the first alternative would increase administration costs to approximately \$245,000, while the second alternative would cost about \$209,000. Mr. Borde added that under Alternative 1., computing credit could be confusing to taxpayers, and Alternative 2. would simplify reporting. In clarifying the status of partnerships under the second alternative, Mr. Weber said they would not pay a payroll tax on their employees, but would be subject to the income tax as individuals.

Mr. Craig voiced concern of public acceptance of the surtax, but said he believed the tax base should be expanded to include more people and be based on ability to pay. Mr. Booth said the goal in pursuing an income tax should be to make the tax burden more equitable. Mr. Davis commented that if energy problems persist, public transit will play a larger role and the costs will have to be spread out to more people.

Mr. Craig expressed interest in learning the anticipated revenues before making a determination between the two alternatives. Mr. Weber said his department would attempt to estimate the revenue impact of each.

The board then discussed the possibility of adjusting the district taxing area boundaries to coincide with zip code boundaries in the event an income tax ordinance is adopted, and asked the staff to compare those boundaries with the present service boundaries.

Mr. Bryson advised that the Department of Revenue had recommended revisions in the ordinance to accommodate partial year residents, with which he concurred and would submit to the board.

In discussion of a withholding tax, Mr. Herbert said he believed it would facilitate identification of taxpayers and the withheld tax payments would even out the cash flow to the district. Mr. Borde agreed there would be an advantage over trying to collect at the end of the year, but that withholding would entail additional administrative costs of approximately \$70,000. It was the consensus to not include withholding in the draft of the ordinance at this time.

MOTION

Mr. Craig moved that the board instruct counsel to prepare a draft ordinance containing a surtax rather than a tax on taxable income. Mr. Davis seconded the motion. In following discussion, Mr. Booth expressed preference for a flat rate as he believed it would be more equitable, and suggested that comparisons be made as to the effects on various corporations and income tax payers of a flat rate and a surtax. Mr. Davis said that he had computed an example which indicated that a flat tax would be more equitable and more acceptable to the public; that, although he had seconded the motion, he would vote against it.

VOLE

The question was put and the motion failed, with Mr. Craig voting favorably, and opposed were Booth, Davis, Herbert, and Kohnen.

MOTION

Mr. Craig moved to instruct counsel and the Department of Revenue representatives to draft an ordinance containing a graduated scale in categories listed on the State of Oregon income tax form, with specific rates to be designated later. The motion was duly seconded. Mr. Davis voiced opposition to a progressive income tax as he believed there was a small yield difference against a flat rate but would have a greater political impact. Mr. Kohnen commented that a new draft could be revised if it were deemed advisable to use a single flat rate.

VOLE

The question was put and the motion carried with favorable vote by Craig, Herbert, Kohnen, and opposed by Booth and Davis.

The chairman declared a five minute recess. Following the recess, the meeting resumed.

PETITION: Mr. Herbert read a petition received from the residents of Pattison Street which opposed the September 19 route change on the #24 Royal route. Mr. Rynerson advised that the route change was desirable to improve safety and schedule reliability, that pedestrian access distances involved did not exceed 1/4 mile and, as the change had already been programmed, the route change was implemented as published. Following discussion, the chairman asked the general manager to monitor the activity in that area of the route and to report to the board. He further instructed the staff to advise the petitioners that the board had received and examined the petition and appreciated their concern; and that the staff had been instructed to monitor the route and report to the board.

BIDS: The board was advised that bids for the purchase and installation of Twin Post Lifts were opened September 19, 1977. The two bids were received from Fraederick Equipment Service Co. at \$22,242.76 and Stimson Plumbing and Heating Co. at \$32,271.00.

The general manager further reported that bids were opened September 19, 1977 for the purchase and installation of a complete Two-Station Lubrication System, with two bidders, Fraederick Equipment Service Company at \$19,932.85, and Stimson Plumbing and Heating Company at \$27,230.00.

Mr. Dyer then reported that bids were opened on September 12, 1977 for a Bus Washer and that Lee-Built Construction Company was the sole bidder with a total installed bid price of \$83,280.00.

Mr. Dallas, Director of Operations, commented that he believed the low bids on the lubricating equipment and Twin Hoists were reasonable. He recommended that further information pertaining to recent competitive bids on the bus washer be obtained from subcontractors supplying the equipment to determine if the bid price would receive UMTA approval.

MOTION            Mr. Davis moved to accept the bids for Twin Hoist lifts and the lubrication system, and that the general manager be authorized to obtain UMTA approval and enter into a contract on behalf of the District with Lee-Built Construction Company for the purchase of the Bus Washer equipment. The motion was duly  
VOTE                seconded and carried unanimously.

The meeting was adjourned to September 21, 1977 at 12:00 noon in Brian's Restaurant.



Secretary