

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

REGULAR Board MEETING

Wednesday, September 21, 1994

Pursuant to notice given to *The Register-Guard* for publication on September 16, 1994, and distributed to persons on the mailing list of the District, a regular meeting of the Board of Directors of the Lane Transit District was held on Wednesday, September 21, 1994, at 7:30 p.m. in the LTD Board Room at 3500 E. 17th Avenue, Eugene.

Present: Tammy Fitch, Vice President, presiding
Dave Kleger, Treasurer
Kirk Bailey
Rob Bennett
Thom Montgomery, Secretary
Phyllis Loobey, General Manager
Jennifer Self, Minutes Recorder
Jo Sullivan, Recording Secretary

Absent: Pat Hocken, President
(one vacancy)

CALL TO ORDER: Ms. Fitch called the meeting to order. She noted that she was going to change the order of the agenda by switching items four and five.

ROLL CALL: Ms. Loobey called roll.

EMPLOYEE OF THE MONTH: The Employee of the Month for August was Bus Operator Greg Oliver. At the last employee awards banquet, Mr. Oliver had received an award for exceptional attendance. The customer who nominated Mr. Oliver wanted him to be selected because he liked to smile and help people. Transportation Administrator Bob Hunt said that Mr. Oliver's intent on delivering a high level of professional service to his customers made him an outstanding employee. Mr. Oliver received a certificate of appreciation, a congratulatory letter, and a financial bonus from the Board.

The Employee of the Month for September was Bus Operator Bea Landeros, who was nominated by a customer for being friendly and greeting each customer with a smile. Ms. Landeros also had received an award for exceptional attendance. Mr. Hunt stated that she had excellent attendance, safety, and CSO records, as well as an exceptionally friendly attitude. Ms. Landeros received a certificate of appreciation, a congratulatory letter, and a financial bonus from the Board.

Ms. Landeros stated that she was glad to have the opportunity to thank the Board. She added that the award had lifted her spirits and she felt lucky to be working for LTD.

AUDIENCE PARTICIPATION: Ms. Fitch stated that audience participation was a time during which the general public could speak about any topic. She noted that the Board asked speakers to keep their talks to a three-minute limit.

(1) Joe French, 1435 Liberty Street, S.E., Salem, stated that he was employed by Oregon Forest Products Transportation Association (OFPTA), which is a nonprofit organization with members throughout the State of Oregon, all of whom hauled forest products. He reiterated statements from a previous Board meeting that 60 percent of the OFPTA membership was owner/operator or independent contractors who would become subject to the proposed self-employment tax. He noted that since the last meeting a massive deregulation bill pushed through the United States legislature, effective January 1, 1995. This would mean that, in the future, truckers would no longer have the right to have exclusive authority in a certain area within a state. He said that owner/operators would no longer have protection for their business practices, because any trucker could apply for and receive authority to do business in any area. He said that there would be a flood of people entering the business, resulting in massive rate cuts, which would create a huge burden on the current owner/operators. He testified that the self-employment tax would become an added expense to owner/operators and, in the logging industry, there was no way to pass that expense on to the consumer. He stated that most owner/operators did not have an elaborate bookkeeping system, and to figure out how to prorate the new tax would be an added expense for those people. He urged the Board not to impose the tax.

(2) Karsten Rasmussen, 2475 Park Forest Drive, Eugene, testified that he was a State Senator for District 22, rural Lane County. He said that his concern was whether or not this was the right time to bring forth the self-employment tax. He added that he was worried about who LTD was bringing in under the tax umbrella because, if a great deal of self-employed business people were brought under the umbrella, then it was unclear exactly who was being taxed. He added that he felt that the log/chip truck drivers were an example of where the sweep was too broad. He said it was unclear how the taxes would be collected from drivers who did some business within the district and some outside the district. He was worried that someone from Albany might have an easier time skating outside the boundaries of the tax. He asked the Board not to pass the tax this evening, but, if it did, that its members be open to looking at ways to adjust the tax so that there was a relationship between the service LTD provided and the tax it was imposing.

(3) Gary Holloway, 33988 East Walnut Lane, Creswell, said that he had just been informed about the self-employment tax, and his biggest problem with it was that he lived outside the district but performed some of his business within the district. He asked who would keep track of the apportionment of his taxes. He added that people did not want or need new taxes. He said that LTD was not respectful of people who worked off hours. He urged the Board not to pass the ordinance.

(4) Maurice Welfl, 81722 Davidson Road, Creswell, submitted a petition with approximately 300 signatures opposing the self-employment tax. He said that he was president of the Lane County chapter of the OFPTA, and he represented 32 drivers of log/chip trucks. He said that the tax would affect everyone and added that the trucking industry supported other businesses and helped to provide many family-wage jobs. He testified that self-employed

truckers were being punished for their hard work by having to pay this tax. He urged the Board not to pass the ordinance.

(5) Carl Wilkerson Jr., 98 North 10th Street, Creswell, stated that he was both self-employed and employed by another self-employed individual. He noted that he ran a small tax preparation business in Creswell, and 80 percent of his clients were self-employed. He noted that many of them were struggling to keep their heads above water financially. He said that his clients would have to spend more money to figure out the apportionments of the new tax, and he added that the tax was unfair because his clients were unlikely to use the services of LTD. He urged the Board to reconsider its position.

(6) Frank Blair, 25333 Hall Road, Cheshire, requested that the Board allow the self-employment tax proposal to be voted upon by the general public. He referred to the *Register-Guard* article in which an LTD employee was quoted as saying that the new tax would allow LTD to be "more aggressive." He reminded the Board that LTD was working in the "black" and it did not need the money now. He said that if the Board passed the ordinance that evening, he would start an initiative petition process to bring the tax before the voters.

(7) W.G. "Willie" Combs, 334 Scotts Glenn Drive, Springfield, testified that he was a member of the Springfield City Budget Committee, and a member of the Allied Business Council and had 42 years' experience working with log truck drivers. He testified that the United States government sneaked the deregulation bill through the legislature so that no one would fight it. He said that deregulating the trucking industry would kill it. He said that the self-employed truckers needed to be protected from taxes such as this one. He said that LTD was asking for money where money was not needed and he asked the Board to reconsider its position.

ITEMS FOR ACTION AT THIS MEETING

MOTION CONSENT CALENDAR: Mr. Kleger moved, seconded by Mr. Bailey, to approve the
VOTE Consent Calendar for September 21, 1994, as presented. This included approval of the minutes
of the August 17, 1994, regular meeting. The motion passed unanimously, 5:0.

**SECOND READING AND ADOPTION, ORDINANCE NO. 37, AN ORDINANCE OF
THE LANE TRANSIT DISTRICT REGARDING THE EXCISE TAX ON EMPLOYERS; AMEND-
ING ORDINANCE NO. 34, SECTIONS 1.03, 1.06, AND 7.01 AND DECLARING AN EMER-
GENCY:** Director of Administrative Services Mark Pangborn stated that by LTD ordinance the
Board was required to have two readings before approval of any ordinance.

MOTION Ms. Montgomery moved, seconded by Mr. Kleger, to approve the second reading of
VOTE ordinance No. 37 by title only, in the matter of increasing the Lane Transit District payroll tax rate
to .006 and declaring an emergency. The motion passed unanimously, 5:0.

Ms. Fitch read the title of the ordinance, "**Ordinance No. 37, An ordinance of the Lane Transit District Regarding the Excise Tax on Employers; Amending Ordinance 34, Sections 1.03, 1.06, and 7.01 and Declaring an Emergency.**"

MOTION Mr. Kleger, moved, seconded by Mr. Bailey, that the LTD Board adopt Ordinance No. 37, an Ordinance increasing the LTD Payroll Tax rate and declaring an emergency. The motion
VOTE passed unanimously, 5:0.

SECOND READING AND ADOPTION, ORDINANCE NO. 38, AN ORDINANCE OF THE LANE TRANSIT DISTRICT ADOPTING A SELF-EMPLOYMENT TAX: Mr. Montgomery
MOTION moved, seconded by Mr. Kleger, that the Board hold the second reading of the Ordinance No. 38 by title only, in the matter of establishing a self-employment transit tax in the Lane Transit District Service area.

Mr. Bennett stated he had never appreciated taking his time to go to a meeting and express his opinion and then getting nothing back from those involved, so he thanked those who testified and explained his position. He said that his sense was, because of the new State transportation rule, that alternative modes of transportation will have to play a much larger role in the future. He added that those who did not use public transit directly received the indirect benefit that it made room on the roads for those who had to drive cars. He said that the State will ask the bus companies to play a big role in the future transportation needs. He said that LTD was trying to position itself to be in line to take over more responsibility when called upon by the State.

Mr. Bennett stated that he believed that the self-employment tax leveled the playing field. He said that it taxed people who should already be paying taxes and have not been doing so. He said that the LTD tax rate had been up and down over the years and that trend would continue.

Mr. Kleger stated that while he disagreed with most of what he heard in the audience participation section, he greatly appreciated the willingness of people to speak up about what bothered them.

VOTE The motion passed unanimously, 5:0.

Ms. Fitch read the ordinance by title, "**Ordinance No. 38, An ordinance of the Lane Transit District Adopting a Self-Employment Tax.**"

MOTION Mr. Kleger moved, seconded by Mr. Montgomery, that the Board adopt Ordinance No. 38, An Ordinance of the Lane Transit District Adopting a Self-Employment Tax. The motion
VOTE passed unanimously, 5:0.

Ms. Fitch suggested to staff that discussions be carried on with Tri-Met and that the possibility of going to the legislature and asking for an exemption in the self-employment tax to a certain income level be examined. Mr. Kleger said that he would back her proposal.

Mr. Bailey stated his appreciation to the people who had testified. He said that they had raised issues that the Board had not considered when it first discussed the proposal. He invited the community to help in the exploration of lobbying the legislature for a minimal exemption in the self-employment tax.

SECTION 9 CAPITAL AND OPERATING GRANT

Staff Presentation: Mr. Pangborn stated that LTD applied annually for federal grant funds and each transit district that applied received an amount based upon a specific formula. He said that staff usually did not know exactly how much money it would receive until the beginning of October, so it tried to estimate. He referred the Board to page 23 of the agenda packet and noted that LTD had some money left over from last year that it did not collect. He said that staff were assuming that LTD would receive close to \$1 million this year for capital and between \$800,000 and \$1 million for operations. He said that the money was Section 9 money. He noted that the total grant would be approximately \$3,552,000, and added that LTD was required to hold a public hearing. He asked the Board to approve the application.

Mr. Bailey, referred the Board to the bottom of page 23 and asked why the estimated cost for the new radio system had jumped from \$550,000 to \$1.5 million. Mr. Pangborn stated that by approving the application, the Board would not be approving the purchase of a radio system for \$1.5 million, but he did want the Board to know that the new estimate for the system was \$1.5 million. He said that staff would have to come before the Board to amend the budget to include the radio system.

Mr. Pangborn added that the estimated \$1.5 million was a place holder, because if LTD did not ask for the money now, it would not be available when it did want to buy a radio system. He said that the money would be coming out of the current fiscal year's Section 9 funds. He said the money would be allocated for the system, but LTD would decide at a later date if it would purchase the system.

In response to Mr. Bennett's question about audio/visual equipment for entertainment purposes being installed on the buses, Mr. Pangborn said that some transit systems in Ohio had worked with that technology for long commuter trips only. Mr. Bennett said that he was very interested in investigating state-of-the-art marketing techniques, which would include audio/visual entertainment on the buses. Mr. Pangborn commented that LTD had installed FM radios on the football shuttles so that people riding to and from the games could hear the pre/post game shows, and that had been well-received by the customers.

Public Hearing: Ms. Fitch opened the public hearing on the District's 1995 Section 9 federal grant application. Hearing no testimony, Ms. Fitch closed the public hearing.

MOTION Mr. Bailey moved, seconded by Mr. Kleger, to approve the attached FY 95 Section 9 Federal grant application, in the amount of \$3,552,000 in Federal funding, and authorize the
VOTE General Manager to submit this grant application on behalf of LTD. The motion passed unanimously, 5:0.

In response to Mr. Bennett's question, referring to earlier testimony, Ms. Loobey commented that any self-employed person who had employees within the Lane Transit District or provided services within the district would have to apportion their earnings and pay LTD the payroll tax. She said that if individuals were self-employed and living outside the district they would have to apportion their earnings to pay the self-employment tax on earnings within the district.

Mr. Bennett said that he wanted to have a serious discussion before the Board wrote a letter to the legislature recommending any kind of an exemption to the self-employment tax. Mr. Montgomery added that if there was going to be an exemption for the self-employment tax, then there also would have to be one for the payroll tax.

Board members agreed that the issue needed to be examined carefully before asking the legislature for any kind of an exemption.

ITEMS FOR INFORMATION AT THIS MEETING

CURRENT ACTIVITIES

Metropolitan Policy Committee: There was no report.

Willamette Valley Policy Advisory Committee on Transportation: Ms. Fitch said that the group was meeting the following day, so there was no report.

Transplan Update Symposium Process: Mr. Kleger stated that the task force chairs would be meeting the following day.

Eugene Chamber/UNC Charlotte Study: Finance Administrator Tamara Weaver distributed packets of information to the Board members. She commented that the Eugene Chamber of Commerce had asked to know how efficient LTD had been over the years, because its members wanted to have some information in order to decide their position on the tax issues. She said that the study evaluated transit districts by their ability to provide high-density coverage, their ability to keep expenses to a minimum, their ability to minimize the amount of taxes in relationship to money from fares, and their ability to keep ride costs low. She said in order to run an efficient transit district, all four of the categories had to be balanced. She said that the researcher who had conducted the study analyzed the 102 largest transit districts in the United States, and LTD was not one of them. To the extent possible, she performed the study on LTD. She gave the Chamber information that showed how LTD compared to 14 other transit properties, which included the best in the nation and most of the northwest properties. Ms. Weaver stated that the study incorporated 12 variables, 5 being resource measures and 7 result measures. She said that the study ranked each variable equally. She noted that the five resource variables were the following: 1) population base; 2) fare revenue base; 3) non-fare revenue base; 4) vehicle revenue base; and 5) coverage area.

Ms. Weaver noted that of the 12 variables, there were only 2 in which LTD was **not** better than the UNCC report average. LTD was better than the UNCC report average and the average of northwest transit properties in all result efficiency variables. She explained to members that in each variable, the smaller the number, the better the efficiency, and then she displayed charts that demonstrated LTD's efficiency as compared with the top districts in the study. She reminded members that the most efficient districts in the study were those that balanced all 12 variables in the study. She said that no one variable represented efficiency; rather a balance of the 12 represented efficiency.

Mr. Bennett said that the information was incredibly useful and added that if he had something of that nature he would carry it around with him to help demonstrate to others the efficiency of LTD. He noted that it would be helpful to have the updated information. He added that some text explaining the different variables would help other people better understand the study. He commented that it would be interesting to compare LTD to other districts of its size. He said he would like to have a packet that he could study and update.

Mr. Bailey asked staff to send a copy of the study and comparison to Frank Blair. He asked if Ms. Weaver's method was different than the method of the researcher. She said that it was, because the researcher had said that he had "tweaked" some of the variables and it was hard to determine in what ways the variables were "tweaked." She said that her method did give her a body of work which did create a good comparison because each of the 12 variables were shown in against 14 properties and the UNCC study results. Ms. Weaver noted that the Chamber of Commerce had been quite satisfied. She stated that it would be nice if staff could create an exact duplicate of the study, and she would continue to look into this.

Ms. Weaver reminded members that her performance analysis was a work-in-progress and there would be more to come.

Other: Mr. Kleger stated that no one on his side of town had received commuter packets. Mr. Bergeron said that LTD had been distributing them for about two weeks, but they were having a problem with delivery through the post office.

Ms. Fitch reminded the members of the Board retreat scheduled for November 12-13.

Ms. Loobey stated that if anyone was interested in the Transportation Conference on October 1-4, to let staff know.

MOTION **EXECUTIVE SESSION PURSUANT TO ORS 192.660(1)(d):** Mr. Kleger moved, seconded by Mr. Bailey, that the Board move into Executive Session pursuant to ORS 192.660(1)(d), to conduct deliberations with persons designated by the governing body to carry on labor negotiations. The motion passed unanimously, 5:0, and the Board moved into Executive Session at 9:20 p.m., and returned to regular session at 9:50 p.m.

VOTE

EXECUTIVE SESSION PURSUANT TO ORS 192.660(1)(e) and (h): It was moved and seconded that the Board move into Executive Session pursuant to ORS 192.660(1)(e), to conduct deliberations with persons designated by the governing body to negotiate real property transactions, and pursuant to ORS 192.660(1)(h), to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed. District counsel Robert Fraser was present for this discussion.

ADJOURNMENT: The Board returned to regular session and the meeting was unanimously adjourned.


Board Secretary