

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT
SPECIAL MEETING

November 21, 1979

Pursuant to notice given to the Springfield News for publication on November 15, 1979, a special meeting of the board of directors of the Lane County Mass Transit District was held November 21, 1979, at 7:30 a.m. in the Valley River Inn, Eugene, Oregon.

Present:

Daniel M. Herbert, Vice President
Kenneth H. Kohnen, President, presiding
Robert C. Loomis
Glenn E. Randall
Carolyn Roemer
Phyllis Loobey, General Manager
Richard Bryson, Legal Counsel
Mavis Skipworth, Recording Secretary
News media representative
Marvin Tims, Register Guard
Anthony Neidek, Springfield News

Absent:

Richard A. Booth, Secretary
Ted J. Langton, Treasurer

INTRODUCTORY REMARKS BY PRESIDENT: The chairman explained that the purpose of this special meeting was for the board to consider a resolution of intent to increase revenues of the district. He reviewed previous discussions on ways to finance additional buses and described the process of financing through the Oregon Mass Transit Financing Authority. He advised that in discussion with bankers concerning purchase of revenue bonds, they indicated the district should improve its financial picture and should give a statement of intent to increase revenues, possibly through the payroll tax or an income tax measure.

AUDIENCE PARTICIPATION: Emerson Hamilton spoke on behalf of the Eugene Area Chamber of Commerce, expressing concern that the district might increase the payroll tax, placing an additional burden on the business community to help pass an income tax. He read a prepared statement of the board of directors of the Chamber which included the following recommendations: 1) an immediate fare increase to 50¢ to help meet the goal of 25% farebox/operating ratio; 2) eliminate reduced fares during peak periods, seek coordination with LCC, University of Oregon and major employers to spread peak loads, and refurbish old buses, with no purchase of new buses until the need is demonstrated; 3) the LTD board should immediately implement an income tax, and 4) the district should seek legislation to broaden the scope of the payroll tax to include everyone employed within the district boundaries. Mr. Hamilton further commented that the business community is not convinced of the need for additional buses and believes it would be better to phase in new equipment so all would not become obsolete at the same time. He reminded that the additional buses would be a deviation from the Transit Development Program adopted in the budget process last June. He spoke of the positive steps taken this year by the district to improve the relationship with the Chamber. He urged the district to not increase the payroll tax, saying it would be unfair to tell the business community that it is their responsibility to help pass an income tax.

Gene Davis spoke as chairman of the Transit Task Force of the Springfield Chamber of Commerce , concurring with Mr. Hamilton's comments and saying it would be a serious error for the district to pass the responsibility of passing an income tax onto someone else without looking at its own internal operation as there are areas where real savings could be made. He commented that although some costly routes have been eliminated, he was certain there are still routes that have a high subsidy rate and suggested a maximum amount of subsidy should be set to determine whether a route should be continued. He said the current television and radio advertisements are good but a total waste of money as people will not ride the bus unless they have to. He said the American way is not to ask someone else to pay for services and while costs have risen for the district, he has not heard talk of raising fares. He said a blackmail should not be considered by saying that if the Springfield Chamber helps pass an income tax, the district would lower the payroll tax, and added that if the payroll tax is raised without the district taking other actions to improve its financial position, it will have a fight on its hands.

MOTION Mr. Herbert moved adoption of a resolution stating that it is the intention of the board of directors of the Lane County Mass Transit District to increase the revenues of the district either by adopting an income tax or by increasing the payroll tax, or by a combination of the two." Dr. Loomis seconded the motion.

AMEND Mr. Randall moved the motion be amended by changing the wording to read "RESOLVED that it is the intention of the board of directors of the Lane County Mass Transit District to increase the revenues of the district either by adopting an income tax, by increasing the payroll tax, by increasing fares, or by a combination of the three." The amending motion was duly seconded, and carried

VOTE unanimously.

Dr. Loomis responded to Mr. Davis that he did not believe it was ever the intent of the district to blackmail the business community and spoke of the timeline necessary to pass an income tax measure and derive revenues. He reminded that a fare increase is scheduled with the arrival of the new buses but, with the rising costs of operation, consideration is being given to increasing the payroll tax as a stopgap measure. He said he was appalled to learn how old some of the equipment is and while he believed there is a need for the additional buses, the board has apparently not convinced the Chamber of that need.

Mr. Kohnen reminded that acquiring the new buses would not expand the fleet but would be an orderly replacement schedule. He said many buses now in the fleet should have been retired years ago and the staff is preparing a schedule to show how this would catch up.

Responding to question by Mr. Hamilton of why this was not addressed in the budget process or Transit Development Program, Ms. Loobey explained that the capital acquisitions in the TDP were not based on the district's needs, but rather on the availability of federal funds which have been reduced.

Mr. Hamilton asked if it would not be better management to replace the fleet a little at a time and avoid a later crisis of replacement needs occurring at one time. Mr. Dallas responded that through small purchases, non-standardization of the fleet would occur with different components requiring additional mechanic training and stocking of replacement inventory. He said it would be better to replace in thirds or half and schedule the buses into service so that some are run more extensively than others.

Mr. Hamilton inquired about manpower requirements if part of the old fleet were mothballed. Ms. Loobey advised the service would continue with the same number of operators and the reserved fleet would be used only to help at peak hour in emergency situations. She said the staff is initiating discussion with school districts to lease buses and operators in an emergency situation.

Richard Hansen, manager of Valley River Center, suggested further consideration should be given to refurbishing at least a part of the fleet in order to reduce the number of additional new buses. Mr. Herbert commented that the refurbishing is proposed for the 100 series gasoline powered buses which are light duty and expensive to operate and said they would not be a good substitute for new vehicles which would operate more economically. Dr. Loomis agreed, saying that even with refurbishing the Twin Coaches might last for only a year or two and there could be a substantial savings by eliminating them from the fleet. Mr. Hansen said in that event, he would urge the district to get rid of them.

Mr. Davis spoke of his concern that the district would accept a sole bid for the original 18 buses on order. Ms. Loobey explained that in this country there are only two major bus manufacturers and they are currently producing the Advanced Design buses at a cost of \$130,000 per unit. She said transit properties that have bought the equipment have found it expensive to operate and maintain. She said of the two major manufacturers in Canada, Flyer, Inc. did not bid as they do not equip 96" wide buses with lifts; and the district has received exemption from the Public Review Board on a sole source procurement.

Mr. Dallas also explained that at the time the bid was received from GMC of Canada, they were not aware that Flyer, Inc. would not bid, and following the bid opening the district went through a procedure of analyzing the bid price, comparing it with competitive bids on the west coast to assure the bid received was competitive. He reminded that new buses are a very special commodity with a limited source of supply and the district is a small operation which would not receive the attention of a large order.

Mr. Bryson referred to the amended motion and advised that in meeting with the bankers, it was indicated they would not be interested in revenue bonds unless the district increased its revenues through the payroll tax or the income tax. He said he doubted they would be willing to sign a commitment letter on the basis of the third alternative as it would be speculative.

SUBSTITUTE
AMEND.

Mr. Randall moved to substitute for the original wording of the amendment the following: RESOLVED that it is the intention of the board of directors of the Lane County Mass Transit District to increase the revenues of the district either by adopting an income tax, or by increasing the payroll tax, and, in addition, by a possible increase in fares, or by a combination of any two of the three. Mr. Herbert seconded the motion and it carried unanimously.

VOTE

MOTION
VOTE

Mr. Herbert moved and Mr. Loomis seconded a motion to put the question on the main motion as amended and it carried unanimously.

VOTE

The question was put on the main motion as amended and carried unanimously.

Dr. Loomis asked Mr. Davis what the feeling of the Springfield Chamber would be toward supporting the income tax, if it were contested, and if the district would lower the payroll tax. Mr. Davis replied that it has always been "stick it to them" and he would have to ask the chamber but said he would hesitate to talk about making deals. Dr. Loomis said he was not talking about deals but about support as the board wishes to please both the business community and the public.

Mr. Davis said the district would have to show internal efficiencies before talking about support and commented that it has the highest public payroll and the second highest operational cost in the area. He said even an income tax makes someone else pay the bill, that there could be support if the income tax replaced the payroll tax, but even if the payroll tax were lowered it could be only temporary.

Replying to question by Mr. Hansen of how much additional revenue was required, Ms. Loobey said the staff is currently preparing for the bankers a projection and estimate of revenues that would result from an income tax coupled with the payroll tax and the board will receive the information at the next meeting. Mr. Hansen suggested the manufacturer might be willing to finance the vehicles but Dr. Loomis said that would surely require a much higher interest rate than the banks.

Mr. Hamilton remarked that it is unrealistic to maintain fares at the same level with the additional fuel and labor costs and said he did not believe with today's economy the district should wait for new equipment to increase fares adding that if the buses are needed now, a fare increase is also needed.

Mr. Randall, saying he believed an income tax could be passed, agreed that the payroll tax is unfair but said there is disagreement on how to broaden the revenue base. He spoke of the board's dedication toward removing that inequity but said it would need cooperation.

Mr. Davis again objected to the amount spent on advertising, saying it was wasteful and could not be justified. He spoke favorably of the school and commuter programs but said although the current ads are good, they would not convince anyone to ride the bus. Mr. Powis reviewed the activities of the last year's budget process when, on the recommendation of the Eugene Area Chamber, the marketing budget was increased 40% and the Marketing Division directed to aggressively pursue increasing ridership to the 25% farebox/operating ratio. He said a current survey reveals that the large percentage of ridership increase during September was from new riders and people who have chosen to leave their cars. He offered to bring a copy of the Marketing Division's budget to the next board meeting.

Ms. Loobey reminded that the district has never levied the payroll tax at its maximum level but has lowered the rate three different times, the last time at the suggestion of the chamber during the budget process for FY 79-80. She said the board has responded to the business community and has been prudent, but it must be remembered that the transit district is a labor intensive operation and cannot easily be compared with other services.

Dr. Loomis asked Mr. Davis if the Springfield Chamber would be amenable to having presentations made by one or two board members in order to discuss the

the broad picture of public transportation, energy, pollution, and the charge of the board, as well as to learn of the areas of concern of the Chamber in order to be responsive board members. Mr. Davis said he was certain they would be welcomed.

The meeting was adjourned.

A handwritten signature in green ink, reading "Richard A. Book". The signature is written in a cursive style with a horizontal line underneath the name.

Secretary