

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT
ADJOURNED MEETING
December 3, 1979

Pursuant to notice given to the Register Guard on November 27, 1979, an adjourned meeting of the board of directors of Lane County Mass Transit District was held December 3, 1979 at 7:30 p.m. in the City Hall, Eugene, Oregon.

Present: Richard A. Booth, Secretary
Daniel M. Herbert, Vice President
Kenneth H. Kohnen, President, presiding
Ted J. Langton, Treasurer
Glenn E. Randall
Carolyn Roemer
Phyllis P. Loobey, General Manager
Mavis Skipworth, Recording Secretary

News media representatives:
Marvin Tims, Register Guard
John Crowley, Springfield News

Absent: Robert C. Loomis

INTRODUCTORY REMARKS BY BOARD PRESIDENT: The chairman briefly summarized previous board consideration of the purchase of 22 additional buses and progress in exploring financing through the Oregon Mass Transit Financing Authority. He said the purpose of this adjourned meeting was to consider two issues, 1) the justification for purchase of the buses, and 2) if found to be justified, how to finance them.

AUDIENCE PARTICIPATION: Mr. Kohnen opened the meeting to public comment and there was no response.

STAFF PRESENTATION: Paul Shinn presented staff material and charts setting forth the need for additional buses: 1) dramatic increases in ridership, with indications for still higher ridership, 2) fleet age and rapid deterioration of equipment, and 3) inflating costs of new vehicles and anticipated short supply of new rolling stock.

Mr. Langton asked if by including the 18 new buses into the system, the capacity problem would be solved. Mr. Shinn responded that although there would still be some deteriorating buses in the fleet, the district could probably handle capacity needs.

Mr. Booth suggested different alternatives should be considered to determine the most economical direction, assuming there is a need for additional buses. He spoke of the possibility of refurbishing older buses and delaying purchase of additional new buses until federal funding is available.

Responding to question by Mr. Langton on the probability of financing through OMFTA, Mr. Kohnen reported that at last week's meeting with the bankers they had voiced concern about the district's ability to service the debt from annual revenue sources and insisted that each year should stand alone with sufficient revenues for operating and local capital expenses as well as an additional amount equal to 1.25 of the annual service debt; that they would want the

district to have enough funds set aside in a special reserve to accommodate one year's debt service payment. He reported that the information had been revised to reflect their request and Ellen Bevington and Paul Shinn had earlier this day met again with the banking representatives.

Ms. Bevington described this day's meeting and said a decision is anticipated within the week as to whether they will finance the additional buses and what their conditions would be. She said they had a concern whether the board could legally bind future boards and the district's legal counsel had rendered his opinion that the board could commit future boards to a long term lease of the buses and to the payment of the necessary rental over a period of years.

Ms. Bevington noted that if the bankers decide the income tax would be necessary there could be a problem with the timeline required in ordering the buses. Mr. Langton observed that the buses would be excellent collateral and said it appeared to him that an income tax would be more likely to pass if people could see they were getting new buses. Mr. Kohnen reminded that the board does not have statutory power to refer the income tax and that Mr. Bryson has indicated the district does not have the inherent power.

Mr. Herbert inquired into the possibility of purchasing a smaller number of buses should an income tax fail. He said there were several alternatives possible if the project assumptions were not realized; that if the income tax did not pass, 1) the buses could be sold through the OMFITA before ever being received, 2) they could be sold later, or 3) the district could forego other capital acquisitions. He said it did not appear the district would be locked into something that would ruin its financial picture.

Mr. Randall suggested the payroll tax maximum could be raised by the 1981 legislature and remarked that he would rather lose the buses than to arbitrarily impose an income tax as it could damage the district's image in the community. He said he has requested, through Grattan Kerans, an attorney general's opinion on the legality of the district referring the income tax to the electorate and believed he would have the answer by December 14th.

Mr. Booth said he believed the board was ineffective and too concerned about the electorate; that they were appointed to do a job and answerable only to the governor. He added that if the board believes an income tax is a fair means of support, it should impose the tax.

Ms. Roemer asked what action the board would wish to take should the attorney general's opinion differ from the district's legal counsel. Mr. Randall replied that the attorney general's opinion stands until challenged. Mr. Dallas reminded that it would not offer protection for the district as it is not a part of state government.

Ruth Shepherd, 1765 E. 26th, said she wished to repeat what she had said two years ago as a member of the board; that the payroll tax is basically unfair and the revenue base should be spread, but the question was how to do it. She said she would agree that an appointed board should not impose an income tax and was certain it would be damaging to the district. She spoke of her disappointment two years ago when an active campaign was not mounted to pass the income tax and said if the business community really wants to establish a broader based tax, it should know there must be a carefully organized campaign. She said she would not support another income tax measure unless there were monies budgeted for that purpose. She said she could not understand the Chamber's position and why they think they can have it both ways, not wanting a payroll tax or an

income tax. She encouraged cooperation between the business community as primary sponsors and the transit district.

Mrs. Jessie Walstein, 1270 E. 22nd, stated she would vote against an income tax at this point. She suggested the district seek coordination between businesses, public agencies, and school districts to stagger work hours and avoid peak hour capacity problems. Ms. Loobey responded that "flex-time" has been pursued but unless there is a consistent policy, it would not have a significant effect. Mrs. Walstein suggested seeking federal funding for additional buses, and voiced her concern that the district is buying Canadian rather than American buses. She proposed the purchase of electric overhead trolley buses as being cheaper to buy and cheaper to operate. Ms. Bevington referred to study given to this type of vehicle during the long term area transportation planning and advised that although they are less polluting, they are more expensive to install and maintain.

Clark Cox, 1085 Patterson Street, spoke of the need for additional buses because of fleet age and areas not now being well served. He supported an income tax and said he believed the growth of the transit district is important to the urban area and to the nation's efforts to get off reliance on foreign oil.

Ms. Loobey advised that additional information has been received from GMC of Canada concerning the December 17 deadline. She said if the district exercises the purchase option and should find it necessary to rescind it, there would be no cancellation charge before February 1st, and beyond that date a cancellation charge of 15% would be imposed up to April 18 for any buses not taken, and after April 19 the decision would be irrevocable.

Discussion followed on whether an adjourned meeting should be scheduled to receive information on the awaited decision by the bankers.

Mr. Booth restated that he was not in favor of the new buses as he believed it would cost less to refurbish the older vehicles and purchase buses as they are needed with later federal funding. He said whatever is the least cost to the taxpayer is what the board should consider.

Ms. Loobey cautioned that even if the windfall profits tax is enacted, funds could not flow for two or three years and the allocations would favor the east coast. She added that even if refurbished, the older buses would cost the same to operate. She said it would be risky to plan on ordering a small number of buses later while there is a shortage of vehicles being manufactured as larger transit districts with large orders would receive preference.

Mr. Randall observed that the lowest cost to the taxpayer would be to shut down the system, but said the district is looking for the lowest cost to provide minimum service.

Mr. Kohnen reminded that there have never been federal funds in an amount to meet all of the district's needs and cautioned that the district cannot be assured of funding all of its capital improvements with federal sources.

Mr. Langton said he had not been shown the clear need for the 22 additional buses but did not believe that another meeting would change the views of individual board members.

MOTION

Mr. Herbert moved that the Board of Directors of Lane County Mass Transit District invest with Phyllis P. Loobey, General Manager, the authority to execute and sign contracts for the purchase of 22 additional bus units with General Motors of Canada in accordance with the bid proposal opened on September 19, 1979. (Bid File No. 79-07). Mr. Langton seconded the motion.

VOTE

Mr. Booth said he would oppose the motion because he was not thoroughly persuaded either way. The vote was cast and the motion carried with favorable vote by Herbert, Kohnen, Randall, and Roemer, and opposed by Booth and Langton.

The meeting was adjourned.



Secretary