

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT
REGULAR MEETING
December 18, 1979

Pursuant to notice given to the Register Guard for publication on December 13, 1979, to the Springfield News 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, Eugene, Oregon on December 18, 1979, at 7:30 p.m.

Present:

Richard A. Booth, Secretary
Daniel M. Herbert, Vice President
Kenneth H. Kohnen, President, presiding
Ted J. Langton, Treasurer
Robert C. Loomis
Glenn E. Randall
Carolyn Roemer
Phyllis Loobey, General Manager
Richard Bryson, Counsel
Mavis Skipworth, Recording Secretary

News media representatives:

Dan Wyant, Register Guard
John Crowley, Springfield News

INTRODUCTORY REMARKS BY PRESIDENT: Mr. Kohnen explained that several important items included on the agenda represented the culmination of board deliberations over the past several months and he briefly described previous consideration of ordinances and studies of ways to enable the district to purchase additional buses.

AUDIENCE PARTICIPATION: Paul Bonney, 587 Antelope Way, spoke in favor of increasing revenues by charging seniors full fare at peak hours, and said he believed this would also encourage seniors to ride at other than peak hour times.

Emerson Hamilton said he was representing the Eugene Area Chamber of Commerce in making the following statements. He was disappointed in the way the board has conducted itself in the past couple of months in deliberation of acquisition of new buses and it appeared there are five steps the board will probably take regardless of discussions or testimony taking place at this meeting: 1) the board will probably purchase the additional buses, 2) it will finance the entire purchase by increasing the payroll tax to the statutory limit, 3) it will not increase fares in spite of the fact that the district has faced increased labor, fuel, and material costs, and increased costs of the service provided has continued to escalate, as well as the cost of new equipment the district intends to purchase. He reported reading in the Oregonian that Tri-Met is considering acquiring new equipment and has proposed a fare increase to 65¢ base in January, with increased fares each year thereafter, 4) that district staff has not had the courage to recommend an income tax to finance the new buses and the board has not had the courage to make the difficult decision to mandate one; that the board was appointed by the governor to make some very difficult decisions, and if making those decisions bothers them, their choice should be to resign from the board of directors,

5) that he feels the board has no intention of spreading the financial base of the district beyond the discriminatory payroll tax and will ask the 1981 legislature to increase the payroll tax limitation while continuing to pay only lip service to the business community's request to broaden the financial base. He said that as a member of the budget committee in 1979 he was used, and felt there was a complete unwritten, secret agenda that contemplated the purchase of the extra buses; that he was a victim of a sham and deeply resented that, and if it would be that way in the future, he wanted no part of that action. He said in his opinion, the board through action and inaction on bus acquisition has lost credibility with the business community, has paid lip service and played games with their money and strung the chamber along. He said he came on behalf of the chamber, by virtue of that board's unanimous vote at a noon meeting this day, to ask this board to immediately raise the base fare to 50¢, to hold the payroll tax at the present level and fund the bus purchase with other options available. He expressed concern that the business community has accomplished all it can by appealing to this board and said it was his intention to recommend to the chamber's board a course of action outside the scope of the district's board to see that the business community no longer bears an unfair, arbitrary and discriminatory share of the financial burden of the transit district.

Bill Rogers, Oregon State Representative of District 44, advised that the last legislature, in response to citizen concern of taxes, passed a massive property tax relief program and he said any tax increase at this time would be counter to that action requested by the people. He told of 51 initiative petitions filed, many dealing with taxes, and said the board should consider this in their deliberation of the proposed Ordinance No. 19. He said he did not see in the current budget any great change in ratio of farebox receipts over previous years and felt it was unrealistic to hold farebox receipts down to such a small portion of the total budget. He encouraged the board to discuss the possible consequences of imposing an income tax, saying there are some people who are committed to a referendum petition drive which would create adverse publicity for the district.

Mr. Booth expressed surprise that Mr. Rogers was opposed to the income tax proposal and described the two revenue studies conducted to determine the most equitable means of financing the district's operations. He asked Mr. Rogers if his disapproval of the tax reflected his opposition to any increase in income taxes in general. Mr. Rogers responded that it did but said he had a concern of the ratio of farebox receipts as a portion of the budget. He said he had been following the actions of the board for some time and it appeared there are some questions as to management and cost of the operations and of some actions taken by past boards. He said his opinion, which he believed was shared by many, is that no new tax should be imposed until these things are corrected and the farebox receipts reach a reasonable proportion, possibly somewhere in the area of 50%. He said imposing the tax would be counter-productive to those actions taken by elected officials to reduce taxes for people. Mr. Booth said he wished it known that he and Mr. Rogers have never had any previous discussion of the transit district.

Mr. Langton commented that a 50% ratio would not be realistic as the number of riders is very low and the fare would have to be almost \$2.00. He said the board is looking for alternatives to spread the tax base. Mr. Rogers stated that if the service is put to a vote of the people, the district may find that the citizens do not support the system. Mr. Langton agreed, saying the board has been told that the people wholeheartedly support the system and he did not think it is so.

Mr. Randall referred to Mr. Rogers' comments concerning the operation of the district and said there have been numerous investigations made and the operation has been given a clean bill of health. He said he felt strongly that an income tax would be more equitable in supporting the needs of the district and asked Mr. Rogers if he believed the board should delay its efforts and conduct an investigation of the district. Mr. Rogers said he did, and further remarked that an income tax would be imposing a tax on people who could not fight back and he did not see support in the rural areas.

Mr. Randall told Mr. Hamilton that he believed the reports from the chamber were negative and contained nothing positive. He asked if the chamber feels it is a proper move to try for an income tax and would they pass a motion supporting the district's attempts or would they sit idly by as they did last time. Mr. Hamilton replied that the chamber representatives have come to district meetings for two years with positive statements and have met with little response. He said he reflects the frustrations of the chamber that the board has already made up its mind as to its course of action and he was not sure the board wants an income tax. He stated that the chamber previously went on record supporting the income tax and he could see no reason why it would not do so again; that individuals would be willing to speak in support of it but there would be no massive amounts of money available.

Clark Cox, 1085 Patterson Street, said he would agree to a 5¢ increase at this time with another increase of 5¢ later in the year to improve the farebox ratio. He added that he would support an income tax if it were placed on the ballot and believed the board should look at various approaches in order to acquire the additional 22 buses as very high ridership increases can be anticipated in the near future.

MOTION
V 3 ELECTION OF OFFICERS: Mr. Randall moved to place election of board officers to Item VI.L on the agenda. The motion was duly seconded and carried unanimously.

MOTION
VOTE MINUTES: Upon motion, duly seconded, the board unanimously approved the minutes of the November 20, 1979 regular board meeting, the November 21, 1979 special board meeting, the November 27, 1979 adjourned board meeting and the December 3, 1979 adjourned board meeting.

Mr. Langton asked if bus specifications had been submitted to all bus manufacturers for bid. Mr. Dallas replied that written invitations to bid were sent to all manufacturers in this country and in Canada.

BOND FINANCING: Mr. Kohnen described a series of meetings held with representatives of four banks about the possibility of issuing revenue bonds through Oregon Mass Transit Financing Authority. He said the banks were very interested in the projected revenues to pay for the bonds and had insisted that a provision be included in the bond indenture requiring operating revenues of $1\frac{1}{4}$ to $1\frac{1}{2}$ the annual debt service requirements. He reported that at the December 14 meeting the banks had submitted a proposal to finance the purchase of 11 buses at the total purchase price of \$1,600,000; that they required a number of covenants including the establishment of two sinking fund reserves consisting of 1) an amount approximately the equivalent of one year debt service, and 2) an amount from the bond proceeds equal to another year's debt service. He said there was no firm commitment on the rate of interest but estimated a rate of 8% to 9%. He added that the banks had based their commitment on only the payroll tax as the district does not yet have the income tax. Mr. Herbert asked if the banks would fund the 22 buses if the income tax were to pass in a referendum and Mr. Kohnen said it appeared there would be no question that it would justify the purchase of the 22 buses.

Mr. Booth remarked that he believed the response from the banks indicate a lack of soundness in the proposals and that a 9% interest rate is quite high. He suggested further study should be given before moving ahead on their proposal.

Mr. Langton objected to the reserve provisions on the debt service and said it would be better to wait for federal funds. He said he has not been shown the need for more buses, that the board is trying to do something it is not up to, and to pursue it would be counterproductive.

Mr. Kohnen pointed out that the OMFTA is a new mechanism and the banks are conservative, although he did not believe the proposal is closed to further negotiations. He said the board might consider assistance from a bond consultant.

Mr. Herbert said he believed the district needs all of the buses it can get and said he would be disappointed if only 11 could be obtained as their need has been proven beyond any doubt and he would like the board to press forward on the income tax.

Dr. Loomis concurred with Mr. Herbert saying it would be foolish not to attempt to acquire 22 buses as they are getting harder to obtain and the need for mass transit is increasing. He favored imposing the income tax, saying he really believed there is support in the community for a transit system. He said that while he favored the bond issue, he believed the rates were too high and the banks would be taking advantage of the district.

Mr. Booth said he agreed with Mr. Hamilton's comments that the board would write up a justification for whatever it could get. He expressed support of Representative Roger's statements regarding operational efficiencies, and suggested replacing the grid type of system with a customer demand type of routing, putting the buses where there would be the most riders in order to improve the operation. He recalled that the maintenance study resulted in a 5 to 2 vote of overall efficiency. Dr. Loomis said he did not know of any business that could save over 10% if all excess spending were eliminated and that in in this instance it was not relevant to the question of acquiring new buses.

Mr. Langton said he believed that half hour frequency on all routes was unnecessary and an analysis should be made to determine if some routes should be placed on an hourly headway. He said the district is trying to be all things to all people while on limited funds and he did not think the new buses are needed.

Mr. Herbert reminded that although the district operates with a half hour basic system during the day, extra buses are run when needed at rush hours and there are not enough buses to meet the demand. He asked Mr. Langton if he believed the system should continue to be operated with 24 year old vehicles and Mr. Langton said he did.

MOTION

Mr. Herbert moved to proceed exploring bond financing for as many buses as can be obtained up to 22. Mr. Randall seconded the motion.

Mr. Booth said he was not yet persuaded as to the need and did not believe the district was financially sound for such a proposal.

The vote was cast and passed. Voting in favor were Herbert, Kohnen, Loomis, Randall and Roemer. Opposed were Booth and Langton.

MOTION ORDINANCE No. 17: Mr. Randall moved that Ordinance No. 17 be read by title
VOTE only. Upon second by Mr. Langton, the motion was unanimously passed.

Mr. Kohnen read, "Ordinance No. 17. An ordinance altering the territorial boundaries of Lane County Mass Transit District." The chairman advised that copies of the ordinance were available for any persons interested.

MOTION Mr. Randall moved that Ordinance No. 17, an ordinance altering the territorial
VOTE boundaries of Lane County Mass Transit District, as described in and made part
of the agenda packet, be adopted. Mr. Booth seconded the motion and it carried
unanimously.

MOTION ORDINANCE NO. 19: Mr. Randall moved that Ordinance No. 19 be read by title
VOTE only. The motion was duly seconded and carried unanimously. Mr. Kohnen read,
"Ordinance No. 19. An ordinance imposing an income tax and providing for admin-
istration, enforcement and collection of the tax." Mr. Kohnen advised that copies
of the ordinance were available to all present.

MOTION Mr. Booth moved that Ordinance No. 19, an ordinance imposing an income tax
and providing for administration, enforcement and collection of the tax, as
described in and made part of the agenda packet, be adopted. Mr. Langton seconded
the motion.

Mr. Randall again expressed his opposition to the passage of the ordinance.

Dr. Loomis reiterated his support for the income tax, saying the country is destined to mass transit for reasons of increased congestion, environmental pollution and increased energy demand. He said he has been in other countries and large cities that have good mass transit systems, and noted that the system in San Francisco cost the taxpayers too much because they waited too long. He said more buses would increase ridership, and that more service should be made available rather than decreasing headway. He spoke of the district's obligation to seniors who cannot afford cars, of the increasing parking problems, and of the growing scarcity of new buses. He said the alternatives are to increase farebox revenues with a \$2.00 base fare, to take the payroll tax to the maximum which would not be adequate, to decrease operational costs, or to start paring back the system. He said he is on the board to promote a mass transit system and will vote for the ordinance to invoke an income tax.

Mr. Randall agreed with the need and said the only disagreement is in the method of implementation. He said he was convinced that it should be submitted to the voters. Dr. Loomis remarked that the legislature gave the board the tools and they should be used to develop the type of system Lane County should have.

Mr. Herbert said he shared Mr. Randall's concern, but said that means of financing should be considered not only for the bus purchase but also because the payroll tax will be insufficient to meet the demands put on the district. He said while he would prefer that the board could refer it to the voters, he believed the board should impose the tax.

AMENDING Mr. Langton moved to amend the motion to change the rate to .40% in
MOTION Section 5.01 of Ordinance No. 19, and the amending motion was duly seconded.
Mr. Herbert observed that the rate would equate to about \$20 for a \$10,000
income in a year, which would about equal filling the gas tank of his car twice.

VOTE

The board voted unanimous approval of the amending motion to substitute the rate in Ordinance No. 19 to .40%.

Rep. Rogers spoke of possible flaws in the ordinance and Mr. Bryson clarified the points questioned by Rep. Rogers.

Mr. Kohnen reviewed the study given over the past several years to the income tax and the drafting of an ordinance. He said this ordinance is identical to the one presented previously to the voters. He spoke of the board's responsibility to provide the type of public transportation service required by the community and said the tools available to the board should be used.

VOTE

The question was put on the amended motion and carried with favorable vote by Booth, Herbert, Kohnen, Langton, Loomis, and Roemer. Mr. Randall dissented.

Mr. Randall said it is ironic that those who oppose the purchase of 22 buses would vote to fund them. He reminded that an initiative petition to place an income tax measure on the ballot could have been circulated by not more than three people from the board and he believed that would have been a desirable alternative.

Copies of a letter from Richard Bryson were distributed, which responded to a request from the general manager for advice on initiative and referendum procedures under the new statutes.

FARE STRUCTURE: A staff memo was presented updating history and projections of farebox revenue as a percentage of operating costs. The memo described considerations in raising fares at this time, with a staff recommendation that no action be taken on fares prior to July 1, 1980.

Mr. Langton referred to a table indicating projected performance measurements at three different fares effective July 1, 1980, 35¢, 40¢ and 45¢. Mr. Langton asked if the listed decrease in ridership with raised fares represented the same level as shown in past projections. Ms. Bevington said they reflected current conditions and were more optimistic with less decrease. Mr. Booth said he did not believe the system would experience the level of ridership decrease projected because of changing conditions.

Dr. Loomis asked that further study be given before increasing fares prior to September 1980. Mr. Booth reminded that the chamber has been consistent in its request for a 50¢ fare and asked that projections for that fare be included in the study. Mr. Kohnen asked for a complete staff report to be prepared by March or April.

SALARY STRUCTURE ADJUSTMENT: A memo was distributed to the board describing the cost-of-living increase for contract employees and the history of lower salary increases for non-contract employees in conformance with the presidential wage and price guidelines. The board was advised that a 4% mid-year increment for non-contractual employees would not raise salaries above the budgeted levels as some salaried positions have been vacant due to promotions and resignations.

MOTION
VOTE

Mr. Randall moved that the 4% salary adjustment as presented in the agenda packet be approved effective January 1, 1980. Dr. Loomis seconded the motion which carried unanimously. Mr. Booth commented that the impact would be felt on next year's budget and the salaries are too high for some of the positions.

PENSION AND SALARIED TRUST ADJUSTMENTS: The Second Restated Trust Agreement for Contract Employees and the Third Amendment to the Salaried Employees Retirement Plan were presented for board consideration. Ms. Loobey advised that the documents included a number of housekeeping changes recommended by the Attorney of Record, Craig Smith, including a delineation of the roles of trustors and trustees for the contract plan, and a revision in the salaried plan to allow a person resigning from the district to withdraw their funds rather than waiting until retirement age.

Mr. Herbert left the meeting temporarily.

MOTION Mr. Randall moved and Mr. Langton seconded the following motion: "RESOLVED, that the Third Amendment to the Lane Transit District Salaried Employees' Retirement Plan is hereby adopted, and that the Second Restated Trust Agreement between the Lane Transit District and Amalgamated Transit Union, Division 757, is hereby adopted. The appropriate officers of the Lane Transit District are hereby authorized and empowered to execute said documents on behalf of the Lane Transit District." The motion carried unanimously.

VOTE

ADVISORY COMMITTEE ON ACCESSIBILITY: The board was advised by staff that in order to comply with federal 504 regulations, the district is required to develop a Transition Plan by June 30, 1980, to describe how the district will implement fixed route accessibility and how the new service will be coordinated with Dial-A-Bus, and a further requirement that the district consult with the local disabled community. The staff presented a list of individuals who have expressed a desire to serve on an advisory committee to provide input for the disabled community during preparation of the Transition Plan.

Mr. Herbert returned to the meeting.

Mr. Booth voiced his concern that someone with an understanding of the financial impact of the recommendations should be included on the committee. Ms. Bevington advised that a public hearing would be held prior to implementing any recommendations.

Mr. Randall said he would feel more comfortable if board members had the option of each appointing a representative to the committee.

MOTION Mr. Randall moved that an Advisory Committee on Accessibility be formed to provide input during preparation of a transition plan for fixed route accessibility and that the individuals listed in the agenda packet be appointed to that committee as well as a member recommended by each board member. Mr. Booth seconded the motion.

Dr. Loomis remarked that it would be only an advisory committee and the board would receive feedback from those who would use the equipment, and said he would rather receive their recommendations for board study. Dr. Loomis moved to amend the motion by deleting the last phrase "as well as a member recommended by each board member." The amending motion died for lack of a second.

VOTE The question was put on Mr. Randall's motion and carried with favorable vote by Booth, Herbert, Kohlen, Langton, Randall, and Roemer. Dr. Loomis dissented.

Mr. Randall temporarily left the meeting.

SERVICE AREA BOUNDARY EXTENSION POLICY: The staff recommended that a policy be established for any service requests outside of the existing boundary to go through the general purpose governments of the affected area.

Upon motion by Mr. Herbert, seconded by Dr. Loomis, the members present unanimously approved the following resolution: "Be it hereby resolved that upon request from a general purpose local government, Lane Transit District will provide a service area boundary feasibility study that will involve Lane Transit District, Lane County, affected cities and local citizen organizations."

BUDGET COMMITTEE: Mr. Booth and Dr. Loomis advised that at the next board meeting they will each submit nominations for budget committee members.

MOTION VOTE BUDGET OFFICER: Upon motion by Dr. Loomis, seconded by Mr. Langton, the members present voted unanimously to appoint Paul Shinn as Budget Officer for fiscal year 1980-81.

Mr. Randall returned to the meeting.

ELECTION OF BOARD OFFICERS: Mr. Kohnen declared the meeting open for election of officers to serve for a two year term. He asked for nominations.

MOTION VOTE Mr. Kohnen was nominated for the office of president, and upon motion duly seconded, the board voted unanimously that the nominations be closed and that a unanimous ballot be cast for Kenneth H. Kohnen for president.

MOTION VOTE Mr. Herbert was nominated for the office of vice-president, and upon motion duly seconded, the board voted unanimously that the nominations be closed and that a unanimous ballot be cast for Daniel M. Herbert as vice-president.

MOTION VOTE Mr. Booth was nominated for the office of secretary, and upon motion duly seconded, the board voted unanimously that the nominations be closed and that a unanimous ballot be cast for Richard A. Booth for secretary.

MOTION VOTE Mr. Langton was nominated for the office of treasurer, and upon motion duly seconded, the board voted unanimously that the nominations be closed and that a unanimous ballot be cast for Ted J. Langton as treasurer.

Mr. Herbert commended Mr. Kohnen for his excellent performance as president of the board during the past two years.

REPORTING: Regular monthly reporting was presented for finance and budget, marketing, ridership and operations. Mr. Kohnen noted a dramatic increase in revenue passengers and person trips over the previous year.

CASH FLOW SITUATION: An explanatory staff memo was presented giving an update on the projected cash flow for the remainder of the 1979-80 fiscal year. The staff indicated that revenues appear to be below budget and it is likely that an adjustment either in service or budget will be necessary before the end of the fiscal year. The board was also advised that internal controls to correct all deficiencies noted in the recent management letter from Derickson & Gault have been designed and will be effected within the next month.

Mr. Booth asked for further information on the revenue shortfall for use in making revenues projections during the budget process for the FY 1980-81 budget.

REQUEST FOR BOUNDARY CHANGE: A letter was received requesting deletion of the Ferguson-Cheshire-Low Pass areas from the service area. The board instructed the staff to analyze the legal and fiscal implications of the request, to acknowledge the letter, and to report to the board.

The meeting was adjourned.


Secretary