

5-2-1969

Interim Report on Portland Mass Transit and the 1969 Oregon Legislative Assembly

City Club of Portland (Portland, Or.)

Follow this and additional works at: https://pdxscholar.library.pdx.edu/oscdl_cityclub



Part of the [Urban Studies Commons](#), and the [Urban Studies and Planning Commons](#)

Let us know how access to this document benefits you.

Recommended Citation

City Club of Portland (Portland, Or.), "Interim Report on Portland Mass Transit and the 1969 Oregon Legislative Assembly" (1969). *City Club of Portland*. 246.
https://pdxscholar.library.pdx.edu/oscdl_cityclub/246

This Report is brought to you for free and open access. It has been accepted for inclusion in City Club of Portland by an authorized administrator of PDXScholar. Please contact us if we can make this document more accessible:
pdxscholar@pdx.edu.

INTERIM REPORT
ON
PORTLAND MASS TRANSIT
and the
1969 OREGON LEGISLATIVE ASSEMBLY

The Committee: Robert S. Ball, Hobart M. Bird, Ronald C. Cease,
William C. Church, John H. Eyer, Emerson LeClercq, Howard V. Morgan,
Thomas M. Poulsen, James M. Stewart and Norman A. Stoll, *Chairman.*

The City Club of Portland
505 Woodlark Bldg.
Portland, Oregon 97205

Printed in Portland City Club Bulletin, Vol. 49, No. 48

INTERIM REPORT
ON
PORTLAND MASS TRANSIT⁽¹⁾
and the
1969 OREGON LEGISLATIVE ASSEMBLY

To the Board of Governors,
The City Club of Portland:

I. STATEMENT OF THE PROBLEM

Portland is facing a crisis in public transportation. On November 15, 1968, the Rose City Transit Co. filed an official request with the City of Portland that it be granted an increase in fares as a result of added costs of operation due chiefly to a new one-year wage agreement with the Amalgamated Transit Union which called for an immediate wage increase and a second increase on May 1, 1969.⁽²⁾ The cost of an ordinary adult cash fare would have increased from \$.35 to \$.40 under the proposed new schedule. There would be similar increases in the cost of tokens and school fares, and the weekly pass would be eliminated.

The City responded on December 12, 1968 by granting some of the requested fare relief (but not the requested increase from \$.35 to \$.40) and by serving notice of revocation and termination of the Rose City Transit franchise, effective June 12, 1969.

As a result of this action the City seems to face five alternatives in regard to its public transportation system: (1) allowing service to be eliminated entirely; (2) rescinding its December 12 notice and allowing Rose City Transit to continue under either the existing or a re-negotiated franchise; (3) awarding a franchise to another private corporation; (4) operating of the system itself directly or by contract; and (5) allowing another public agency, such as the Port of Portland or some other metropolitan commission, to assume responsibilities for operating public transit. The problem is made more complex by the fact that the five suburban bus lines serving the metropolitan area are facing similar higher operating costs that could lead to higher fares and/or reduction or termination of services.

The Board of Governors directed your Committee to "observe, study and analyze the process now under way by which the City of Portland will take over the operations of the Rose City Transit Company." The Board has asked your Committee to pay particular attention to technical, economic, legal and other problems in the takeover, to development of an overall metropolitan transportation system, to relevant state legislation, to the impact of the takeover on municipal finance and taxation, and to the provision of adequate transportation facilities for the economically and physically disadvantaged.

Your Committee has interpreted this mandate to encompass not only the immediate crisis presented by the Rose City Transit's demand for fare increases and

(1)Mass Transit is a term variously used to describe urban-area rail transportation, urban area transportation conducted on a private or segregated right of way whether by rail cars or bus, or urban area public transportation of any character except for taxis or other vehicles available for individual hire. As used in this report it is used in this third sense, in relation to passengers only.

(2)Since preparation of this report, the Portland transit crisis has entered a new phase by reason of Rose City Transit's April 24 demand for a further rate increase.

the City's takeover notice, but also the longer-term outlook for transit service and the means for accomplishing an adequate level of service. Your Committee hopes to deal with these longer-term aspects more adequately in its final report at a later date. However, since doubt has been cast on the legitimacy of steps taken by the City toward an immediate takeover, and since the Oregon Legislative Assembly is still in session, your Committee deemed it expedient to issue this interim report before adjournment of the legislature.

Persons appearing before or interviewed by your Committee since its organization on February 5 included the following: the late Carl J. Wendt, City of Portland Director of Transportation; John D. Mosser, attorney for the Port of Portland; Mrs. Wm. D. Hagenstein, Chairman of the Metropolitan District Committee of the Metropolitan Study Commission; Don Carlson, staff member, Metropolitan Study Commission; A. M. Rich, Executive Secretary, Metropolitan Study Commission; Fred Utevsy, Seattle planning consultant and Chairman of the Seattle Municipal League's Mass Transit Committee; Marion Rushing, Portland City Attorney; Representative Frank Roberts, Vice Chairman of the House Committee on Urban Affairs and author of House Bill 1786; Representative Douglas Graham, member, House Committee on Urban Affairs and author of House Bill 1808; Senator Donald R. Husband, Chairman of the Senate Committee on Local Government and sponsor of Senate Bill 494; Herbert Emerson, staff assistant to the House Committee on Urban Affairs; and Jane Gearhart, Office of the Legislative Counsel and drafter of various transit proposals. In addition to some of the legislative work sessions and hearings on mass transit proposals, members of your Committee also attended a meeting of the Columbia Region Association of Governments (CRAG) called for the purpose of receiving the views of various concerned local officials regarding development of a regional mass transit plan, and at which the observations of Oregon and Washington state highway officials were presented. The Committee has not interviewed any members of the City Council partly because of the press of time, but primarily because the Council obviously was relying substantially on Mr. Wendt for the same information being sought by your Committee.

The Present System of Public Transportation

Since World War II public transportation in Portland has seen a steady downward spiral in patronage. This has been accomplished by reductions in service and increases in fares which in turn have discouraged patronage even more, as exemplified in the following table relating to Rose City Transit operations in recent years:

Year	Revenue Passengers	Annual Change	Cumulative Decrease (Since 1963)
1963	19,958,478	—	—
1964	18,223,228 ^(A)	(1,735,250)	(1,735,250)
1965	18,048,104	(175,124)	(1,910,394)
1966	18,244,963	176,859	(1,713,515)
1967	17,537,616 ^(B)	(707,347)	(2,420,862)
1968	17,317,600	(220,016)	(2,640,878)

(A) Fare increase November, 1963; increased revenue, decreased patronage.

(B) Fare increase March, 1967; increased revenue, decreased patronage.

Although some new bus lines have been extended into suburban areas, in competition with existing services, the steady downward trend in passengers has been reflected generally in a reduction in routes and a decrease in the frequency of operations. It is now impossible to travel by public transportation in a north-south direction on the east side of Portland without following a circuitous, time-consuming route that passes through the downtown area.

An unfortunate aspect of our public transportation problem is that the present system has in recent years been viewed by most concerned parties as a holding action. Despite the steady deterioration of transit service and ultimate threat of its extinction, the City government apparently has made little if any effort to plan for future development. It has developed no contingency plans to effect a takeover of operation from Rose City Transit, nor has it explored the possibilities inherent in new transportation technology for meeting the needs of a growing population.

A consulting firm hired by the Portland-Vancouver Metropolitan Transportation Study in July 1966 proposed the establishment of alternative 7.5 mile high-speed routes utilizing busses on existing and proposed freeways, including some use of an extensive, exclusive transit right-of-way, and connecting the downtown area with the Lloyd Center; but the Committee has found no evidence of any steps taken by the City to implement or even to accept or reject these suggestions.

With all of its present faults and deficiencies, the existing transit system still serves vital needs. It provides transportation for children, the aged, the poor, the physically handicapped and others unable to drive or own automobiles. Elimination or further deterioration of the system is unthinkable if either public welfare or economic considerations are given their due. Not only does mass transit tend to meet the needs of those without automobiles, but also it is an important auxiliary service for the majority of citizens who do drive—a fact dramatized during the recent immobilization of cars in the winter snows.

A sound system of public transportation has the potential to reduce threats to a city's livability from automobile-generated noise, air pollution, traffic congestion, and conversion of commercial space to parking facilities. Furthermore, well-planned public transportation, in coordination with planning for roads, sewers, water supply, and other public services, has potential value in shaping desired directions of metropolitan growth, just as the electric interurban routes had marked influence in the expansion of the city at the turn of the century, and as freeway development has guided residential and industrial locations in the postwar era.

Essentials of a Sound Public Transportation System

The present transportation crisis suggests the urgency of examining the overall objectives and requirements of public transportation and of making a fresh start towards meeting these needs. To achieve an adequately planned and operated system, at least three considerations must be pursued:

(1) It must be recognized that the City of Portland has but half of the metropolitan area's total population, and even smaller percentage of its area. Public transportation is not a matter of concern solely to the residents of the city, but to the metropolitan area as a whole. The area of operations and the base for public subsidy should include as much as possible of the Portland Metropolitan Area.⁽³⁾

(2) There must be a harmony between public transportation and all other aspects of the urban community. Transit can no longer be seen as an isolated function whose scope is circumscribed by the criterion of immediate profitability. The experience of other areas indicates that public transportation in the present automotive era can no longer survive without public subsidy. However, such subsidy can be more than offset by indirect economic benefits to the community in such elements as savings in time and reduction in the the soaring costs of highway construction and parking facilities. To realize a maximum of such savings, however, public transportation must be coordinated with land use planning and programs for meeting social goals. Such coordination requires that the agency in charge of public transportation must be part of an integrated framework of decision-making, rather than being a separate autonomous governmental body such as the State Highway Commission.

(3) To ensure success, a transportation system needs to enjoy the confidence of the public through its continuing involvement of the citizenry in the processes of planning and implementing transit services. Public confidence in the system and public support for it go hand in hand. Both are dependent upon good planning, which in turn comes only from public involvement at levels of activity sufficient to assure the maximum of "feedback" to the planners who are attempting to weigh such alternatives as may be open.

Present Handicaps to Achieving Sound Public Transportation

The achievement of a comprehensively-planned metropolitan public transportation system is currently limited by several factors. These include the political

⁽³⁾Multnomah, Clackamas, Washington and Clark counties comprise Portland's Standard Metropolitan Statistical Area. In addition, portions of Columbia and Yamhill might well be included.

fragmentation of the area into two states, several counties, and up to three dozen incorporated cities. As a previous study of the City Club has concluded,⁽⁴⁾ the present loose confederation of local bodies into the Columbia Region Association of Governments (CRAG) has proved to be a weak beginning for the mounting task of meeting metropolitan-wide programs in planning. The devastating impact of fragmentation is evident in the fact that CRAG has evolved largely out of lack of any viable alternatives, and largely at the instance of federal officials frustrated by their previous inability to integrate their programming of grants to the metropolitan area.

Associated with this territorial fragmentation of the metropolitan area is the functional fragmentation of governmental authority. A plethora of local, state and federal agencies provides or regulates roads, airports, welfare services and the like, and performs other functions affecting the urban environment and urban growth for better or worse, both within and outside the city limits, but at present with no effective local coordination of their activities. Moreover, the unincorporated areas of the region's counties are provided essential urban services of water supply, sewage disposal, fire protection, and other items by a bewildering overlapping array of more than 400 special districts, each usually having but a single function.

The chronic shortage of funds for local governments is perhaps the most pressing handicap. This is the governmental level over which the public can exert its most effective controls on spending. Continuously faced with the prospect of a taxpayers' revolt in reaction to the mounting costs of all levels of government, public officials have been reluctant to undertake as a new governmental function the operation of a public transportation system largely because of its probable need for subsidy. Rather than meeting the challenge head-on, they have preferred to permit continued franchise operations by private carrier.

The Specific Need for Areawide Legislative Enabling Action

The Portland City Council is now faced with the consequences of its December 12 actions. Unless a new agreement is made with the Rose City Transit or some other entity before June 12 of this year, the City will be forced to operate the busses itself or allow service to end. If the City does elect to operate transit services, it will at best be continuing an unsatisfactory system. It does not have the financial reserves necessary to expand and improve service. In the face of rising costs and declining patronage, the City in all probability could not indefinitely maintain even the present levels without an increase of taxes to provide subsidy. Moreover, it is constitutionally handicapped in any expansion of routes beyond three miles from its city limits. Even within this area it has little or no incentive to expand or continue service because service in outlying areas usually results in a low ratio of passengers (and revenue) to miles traveled (expense), and because the burden of subsidy for fringe-area service probably would have to be borne by taxpayers as well as by riders within the city limits.

The City has recognized that the area it could reasonably serve within its existing financial limitations would fall far short of the metropolitan area needing service. Other factors contribute to the urgency of finding some suitable areawide vehicle for transit operations: e.g. Expiration of the present franchise is imminent (end of 1972). Further crises undoubtedly will arise before then. We must be prepared to meet these contingencies.

It must be recognized that an appropriate solution should be areawide, comprehensive, acceptable to the public—and *timely*. The establishment of an areawide agency of this nature is particularly timely because its "seating in" period will coincide with the completion by CRAG of the first land use planning study encompassing the entire metropolitan area.

Any such attainment of an acceptable framework for planning and operating a metropolitan transportation system obviously requires enabling legislation by state government. Because such legislation should be passed in the current Legislative Assembly in order to meet immediate problems and to minimize the hazards of future crises, your Committee submits the following interim evaluations of the situation and the pending legislative proposals to remedy it.

⁽⁴⁾ *Planning for Transportation in the Portland Metropolitan Area*, Portland City Club Bulletin, Vol. 49, No. 27, December 6, 1968.

II. THE CITY OF PORTLAND AND MASS TRANSIT TODAY

Scope of City of Portland Authority

The authority of the City of Portland in the field of public transportation is presently governed primarily by the City's charter and by a City ordinance granting a non-exclusive franchise for the operation of a bus system to Rose City Transit. The City Charter provides the City with a broad power which may be exercised in any lawful manner to "construct, condemn, purchase, add to, acquire, maintain, operate and own all or any part of any public utility or any plant or enterprise, for the purpose of serving the city and the people thereof for uses public and private." Other charter provisions of course confer broad powers to tax City residents and to borrow money for municipal functions.

The City Council has general supervision and power of regulation of transportation utilities within the City and a three-mile limit beyond its boundaries; moreover, it has flexibility to be either assertive or non-assertive with respect to its powers to investigate the affairs of any public utility in the City, to regulate such utilities based upon its findings, and to insure that fares charged to the public are just, fair and reasonable.

The charter provides that the City's power of control and regulation of a franchisee "cannot be limited, divested or granted away" either by the terms of a franchise, ordinance or otherwise. The City Council thus is invested with an affirmative obligation not merely to contract on behalf of the public for reasonable public transportation on reasonable terms, but also to insure on a continuing basis that the franchise is operated in the public interest. Although state law appears to confer upon the state Public Utility Commissioner certain regulatory authority over transit operations within city boundaries, no other governmental body is charged with authority or responsibility equivalent to that exercised by the City Council on this field, and the City has vociferously defended its exclusive right to control transit operations within its boundaries (and the adjoining three-mile limit) in such manner as it deems appropriate.

This sweeping authority has been exercised since 1962 primarily through the grant of a ten-year franchise to Rose City Transit, a company whose operations are confined largely to areas within the city limits of Portland. This franchise gives Rose City Transit the non-exclusive right "to establish, own, maintain and operate motor coach lines and to transport passengers and goods for hire . . ." in Portland until January 1, 1973.

Service in Metropolitan Portland Outside City Boundaries

The authority of the City to deal effectively with transit requirements beyond city limits is severely restricted by the three-mile limit mentioned above. And, in the absence of a more detailed analysis than has been practicable for this report, it would be unfair to criticize the City for not using its existing authority over transit, its control over streets, and its other police powers as leverage to compel integration of public transportation throughout the metropolitan area. It may well be that such a result, if attainable at all under existing law, could have been accomplished only at prohibitive cost to riders within the City proper.

The fact remains, however, there is no such integration of service. The City has shown no disposition to devise or enforce workable transfer privileges between suburban and City lines despite efforts of a major suburban line to seek such privileges in consideration of invasion of its territory by Rose City Transit. The City has allowed Rose City Transit to extend its service into nearby suburban areas on a basis that has allowed that company to skim some of the cream from some of the suburban lines' service areas. The latter may well have resulted in improved service in the immediate areas of extended Rose City Transit service, but it has jeopardized the economic foundation of remaining services and quite probably has contributed to curtailment of such services in recent years.

The net effect has been to compel many potential suburban riders to pay two full fares, suburban and City, if they desired public transportation between their homes and some City work center outside the downtown area, and to reduce or eliminate some suburban schedules. Increasing numbers of suburbanites have

chosen to rely upon their private cars for transportation into the City, aggravating an already bad traffic, pollution and parking problem.

The Present Rose City Franchise in Perspective

Unfortunately, much of the City flexibility in the exercise of its authority even within City boundaries has been lost by granting to Rose City Transit a franchise which inhibits the City more than it regulates the Rose City Transit. Your Committee has unanimously concluded that the present Rose City Transit franchise is not a model for documents of its kind.

It is the latest in a series of post-World War II franchises that have been strongly influenced by the declining patronage of urban motor coach facilities tabulated above. This decline has been in direct proportion to the rise in private motor vehicle registrations and has coincided with the increasingly strong negotiating position of the owners and managers of Rose City Transit and its predecessors in their dealings with the City Council.

The reasons for this seemingly anomalous situation are not difficult to find. The City Council is faced with two hard facts. On the one hand it is confronted by a Rose City Transit management that in the past has not hesitated to temporarily abandon outright its obligation to maintain service to the public, and that undoubtedly will threaten to do so again if its demands are not met. On the other hand the Council is confronted by a downtown business community keenly aware that at least two-thirds of all bus passengers travel to or through the central business district. For this reason the business community has been accustomed, in each recurring crisis, to insist on maintenance of service in accordance with the short-run *status quo*.

Between crises there has been a tendency to ignore probable future developments. The net effect has been to make the business community an unwitting and probably unwilling ally of Rose City Transit in extracting concessions from the Council. These concessions may have been useful in postponing a breakdown of service from one crisis to the next, but they have increased the probability that a future breakdown or major dislocation of service can be prevented only by a radically new approach—toward a more permanent solution of the problem.

The Council also must face the fact that the bulk of the public which does not at this time patronize urban mass transit is complacent, while the minority of the public which is dependent on mass transit is unorganized and for the most part inarticulate. But the Council has exerted no effective leadership toward revision of these attitudes. Thus it finds itself without effective public support in its efforts to deal with the company on a long-range basis, though it knows the public will be quick to denounce the Council if service does break down.

The present franchise is a direct product of the factors listed above and is remarkable chiefly because (apart from many pages of routine route descriptions) it is on its face more concerned with the details of takeover of transit operations and property by the City rather than with long-range public service by Rose City Transit. It is primarily an invitation and a formula for operation of mass transit by the City of Portland, based on prospective City purchase of the company's property and equipment. A close reading of the franchise discloses terms extremely favorable to Rose City Transit in the event of such a takeover, as well as during interim operations by that company. In fact, the only really advantageous aspect of the franchise, from the City's point of view, is a provision for deferred payment for the newer rolling stock through the City's issuance, to Rose City Transit, of revenue certificates bearing interest at four percent.

The franchise declares that Rose City Transit⁽⁵⁾ “. . . should have an opportunity to earn a return of not less than four and one-half percent and not more than six and one-half percent . . .” after all operating expenses, including taxes and depreciation. This seems modest enough at first glance. Indeed, it has not been disputed that a fare increase was a legitimate request by Rose City Transit under

(5)References to Rose City Transit throughout this discussion are intended to refer as well to its corporate affiliates. The franchise provisions relating to termination of the franchise and acquisition by the City apply to property accounts of corporate affiliates as well as Rose City Transit Co. itself.

the terms of the franchise, for that company has *never* received the minimum "return" specified in the franchise.⁽⁶⁾

What may appear peculiar to the public, however, is the fact that in each year since 1963, when the franchise became effective, and during a period of declining patronage, Rose City Transit has enjoyed substantial earnings. Net profits after depreciation and taxes calculated as provided in the present franchise as follows:

1963	\$150,986
1964	227,357
1965	207,959
1966	124,960
1967	201,598
1968	133,681 ⁽⁷⁾

A more careful review of the franchise discloses the answer to this baffling combination of circumstances. It lies in definition of the word "return" in the franchise. The "return" is not on investment, as is customary in most good regulatory practice; the "return" is on gross "operating revenues"—a much larger figure having no relationship whatever to Rose City Transit's actual capital investment less depreciation.

No analysis of the Rose City Transit's books appear to have been made by the City either in accordance with normal regulatory practice or in accordance with the limited demands of the franchise itself, though the City employs a capable rate analyst. So it is difficult to say what Rose City Transit may have been earning on its depreciated net investment. Enough fragments of financial information appear in Mr. Wendt's report, however, to support a conservative estimate that the average return on actual investment has not been less than ten percent and quite probably more.

The exact percentage of such return is academic, for Rose City Transit is in the enviable position of possessing a franchise which enables it to base its "reasonable" profit on a percentage of gross revenues (i.e., the total farebox "take" rather than the investment) to get this profit after it has paid its taxes and has retained so much of its cash revenues as the franchise allows to be kept as a depreciation allowance, and then to demand fare increases from the City Council on account of its failure to earn a minimum "return" (as defined in the franchise). Historically, Rose City Transit has found no financial impediment to continued operations despite lack of the specified minimum "return" defined in the franchise.

The franchise contains voluminous provisions looking toward acquisition of Rose City Transit's property and equipment by the City through lease, purchase or condemnation. The City appears, on the face of the franchise, however, to have bargained and contracted away its right to condemn or in any other way to purchase for a fair price the only Rose City Transit rolling stock which would be attractive to the City or to any other operator: the seventy-five busses purchased by Rose City Transit between 1961 and 1967.⁽⁸⁾ (The other rolling stock was estimated by Mr. Wendt to be over 18 years old . . . characteristically referred to by him as "junkers.")

The franchise provides that if the City takes over bus operations it *must* purchase the 75 newer busses at a "reasonable price" which is set forth in the franchise ordinance (section 13) as a specific formula that seems unduly to favor Rose City Transit. The price is to be calculated as follows: ". . . the replacement cost at the time of purchase by the City, less depreciation on a straight-line basis over anticipated life of fifteen years." It should be noted here that for rate-making purposes, the franchise provides that the same busses be depreciated over an eight-year life.

(6)The November, 1968 report by the late Carl Wendt, the City's Director of Transportation, indicates the Company's profits during the past six years have averaged 3.48 percent (of gross revenues), reaching a 4.36 percent peak for 1964.

(7)The 1963-1967 figures are taken from Mr. Wendt's November 27, 1966 report which estimated \$206,260 net revenue for 1968. The above table also sets forth the 1968 actual comparable amount as reported to the Committee by Rose City Transit comptroller.

(8)There may well be doubt as to whether the City can legally bargain away its right to exercise its powers of eminent domain. It has not been practicable for your Committee to inquire into this or related questions, including the possibility of the City's condemning contract rights (i.e. the Rose City Transit franchise).

The foregoing differentiation in depreciation rates means that, if the City (or any agency of the City) takes over bus operations, it can do so only by paying a heavy premium for the only busses owned by Rose City Transit that can be operated efficiently. For example, if the City acquires in 1969 a bus purchased by Rose City Transit in 1961, price calculations must be based not on what was actually paid for the bus in 1961 but on what the same bus would cost now. From this inflated figure there would be deducted an amount deemed to be eight years' depreciation based on a 15-year life—or eight-fifteenths of the 1969 price, or slightly more than half. It should be remembered, however, that Rose City Transit, using an eight-year life for rate-making purposes, has already "expensed off" the full 1961 cost of the bus as depreciation. In other words, after the rate-payers have already repaid Rose City Transit 100 percent of its actual 1961 cost for that bus, the City would pay Rose City Transit almost 50 percent of the higher 1969 price for the same bus (in addition, of course, to interest on City revenue certificates issued in payment.)⁽⁹⁾

The franchise (in sections 24 and 25) provides for other means of acquisition of Rose City Transit's older rolling stock and other property—most if not all of it needed to sustain the present level of operations unless equivalent property can be obtained elsewhere. These means include lease, purchase through arbitration, purchase through condemnation. The City also has the option to decline the lease or purchase of any property other than the seventy-five newer buses. But it is made abundantly clear (in Sections 13 and 24) that if the City takes over bus operations, the City *must* purchase the 75 newer busses and must pay for them according to the contract formula described above.

Rose City Transit has been served with notice that the City desires to purchase all of the real property, plant and equipment of Rose City Transit, and the City is now having such property appraised. At any time prior to June 12, however, the City may retract this decision and lease all or any part of such property from the company in accordance with a formula in the franchise. This formula in effect seems to amount to payment of the appraised principal value over a three year period, unless the City in the meantime decides to terminate the lease or give up its equity in the items of property as to which the lease is terminated.

It is doubtful that the impact of these takeover formulas on the City and its ratepayers and taxpayers has been thoroughly analyzed. But it is clear that the impact would be considerable except in the unlikely event that the takeover were accompanied by a substantial infusion of new capital, and a massive rebuilding and reconstruction of Portland's transit system that would dwarf the cost of the buy-out of Rose City Transit.

Status of City's Takeover of Rose City Transit

From the foregoing review of the franchise terms, it may well be questioned why the City should desire to take over Rose City Transit.

The answer lies in the Hobson's choice now left to the City as a practical matter. It is faced with recurring threatened interruptions of service, further demands for fare increases, a substantial risk of further declines in patronage and in the public's transit riding habits before expiration of the franchise, and evidence that even now many of the persons most in need of transit service can no longer afford to ride the Rose City Transit busses. Those in authority appear to have concluded that the City must take over Rose City Transit before the newest busses which it is required to purchase become dilapidated and worthless, and before the transit system suffers such a further decline in patronage that it becomes wholly inoperable or salvageable as a going concern. They seem to have determined that the City must assume operation of the system now in order that some transit operation will actually be remaining when the present franchise expires.

Furthermore, however bad the terms of the franchise may be, they do provide a means by which the City may acquire without immediate cash outlay (that the

⁽⁹⁾It has been impracticable for your Committee to check into the present market value of these 75 busses as used equipment, but it has been informed that the market for recent-model used busses is good. No information regarding the current market price or the current new equipment price for these busses is contained in the data given to your Committee by the City.

City can ill-afford) the only Rose City Transit busses that can be operated efficiently.⁽¹⁰⁾ By delaying a takeover, the City might deprive itself of the opportunity to acquire reasonably modern and efficient busses upon issuance of the four percent revenue certificates in full payment.

It will be noted that the consolidation outlined above rest on basic assumptions that City operation will effect certain savings and will inhibit fare increases and further deterioration of patronage and equipment. Your Committee is not prepared to endorse the validity of these assumptions (beyond noting a shifting of tax burdens to the "tax savings" noted below). But neither is your Committee prepared to deny their validity particularly if City operation results in a greater concern for the service needs of the public and somewhat less preoccupation with profitability of the operation.

The franchise contains a provision that the City can revoke and terminate the franchise at any time, after six months' notice, "for cause". "Cause" is one of the few key words in the franchise which is not defined.

As noted in the introductory paragraph of this report, Rose City Transit in November requested a fare increase that led to the City Council's letter of December 12 purporting to revoke and terminate Rose City Transit's franchise as of June 12, 1969. This letter stated that this action was being taken

" . . . for the cause that fare increases above the present 35¢ level cannot reasonably continue indefinitely as a matter of public good and interest, that such increase along with possible future increases will result in such additional loss of patronage as to render the mass transit service within the City economically unfeasible and unreasonable despite the public need and the benefit to the public and to the property owners of the City from a reasonable transit service."

As the initial step in financial planning, Mr. Wendt provided the City with his estimates of the revenues and expenses from the City's proposed operation of the Rose City Transit system from June 1, 1969 to May 31, 1970. Assuming a January 1, 1969 fare structure including the interim rate increase allowed by the City Council prior to its announced termination of franchise, and assuming no change in the present wage scale, Mr. Wendt calculated that the City would have a net profit during such period amounting to \$434,300. The bulk of this amount (\$287,700) would be from "tax savings" attributable to operation of the system by a non-taxpaying public entity. Mr. Wendt also calculated that under such projections the City would be able to meet another wage increase in 1969.

Mr. Wendt's calculations thus suggest that City acquisition and operation of the transit system is financially feasible, at least on a temporary basis.⁽¹¹⁾ But it is clear that the presently anticipated involvement of the City of Portland in the transit operations now conducted by Rose City Transit can solve few if any of the broader metropolitan transit needs. The Tualatin Valley system, operating with severely deteriorated busses, will remain a separate entity largely unintegrated with the Rose City Transit lines — as will each of the other suburban services. Moreover, the City has no department staffed for transportation planning, and the need for such planning is with respect to a constituency much larger than that served by the City of Portland.

Mr. Wendt's untimely death has seriously impaired the ability of the City to prepare for the June 12 deadline for a takeover of Rose City Transit operations. In order to provide an organizational and operational plan for the transit system, the City on March 26, 1969 contracted with the consulting firm of Edmundson, Kochendoerfer, Kennedy, Daniel, Mann, Johnson and Mendenhall (EKK-DMJM) for a study which in part calls upon the firm to advise the City concerning its problems in the acquisition process.

The initial phase of this study may not be available to the City until May 26, barely two weeks prior to the June 12 deadline. But the City apparently does plan

⁽¹⁰⁾ Assuming of course that the proposed takeover at this time is legally justified.

⁽¹¹⁾ Even with the mentioned "tax savings" that are an integral part of these calculations, however, the feasibility of such operation would provide illusory if perchance the City should wind up without a transit system but with a continuing obligation to pay the pensions of the transit system workers.

to proceed with the takeover at such time and is relying substantially upon the study of the consulting firm to prepare for the takeover and City operation thereafter.

Whether or not the City was justified in the legal, economic and financial assumptions underlying its takeover notice may never be known. When the City issued its December 12 takeover notice, Rose City Transit did not argue the truth of the City's statement of facts but asserted that these facts did not constitute "cause" and offered to negotiate with the City. There appears to be reasonable question whether the City has proceeded in the proper legal manner and, if the City persists in pursuing its present takeover efforts, the matter seems destined to go to court, perhaps for a long period of time—probably the end of 1970 at the earliest. Or the matter could be settled through negotiation, with Rose City Transit asking terms for the sale of the older equipment at a price as attractive to it as that with respect to the newer equipment. In any event, the prospective outcome of the City's takeover seems so unclear at this time that your Committee deemed it preferable to defer further consideration of the takeover developments, in favor of the far more pressing consideration of current legislative proposals that seek to afford a more viable long-term alternative vehicle for Portland metropolitan area transit operations.

III. TRANSIT MEASURES BEFORE THE LEGISLATURE

As of this writing, the Legislature has before it three measures to create a new instrumentality for Portland metropolitan area transit services.

HB 1786, sponsored by the House Committee on Urban Affairs, to authorize (but not require) the Port of Portland to acquire and operate a transit system within the Portland metropolitan area;

HB 1808, sponsored by the House Committee on Urban Affairs, providing for the establishment of mass transit districts, either upon voter petition or upon resolution of local governing bodies, with members of the governing body of each such district to be appointed by the Governor, and empowering such districts to acquire and operate transit systems within their boundaries;

SB 494, sponsored by Senator Husband upon the suggestion of various groups interested in metropolitan government, providing for the establishment of metropolitan service districts either upon voter petition or upon resolution of local governing bodies, with members of the governing body of each such district to be chosen from among representatives of governing bodies or existing local governments within such district (or in any alternative method that may be decided upon by the voters if they choose to adopt a charter), and empowering such districts to acquire and operate sewer, sewage treatment and disposal, solid waste disposal and public transportation facilities within their boundaries (in addition to performing such other functions as the voters within the district might decide by charter).

Each of these three legislative proposals to create or strengthen an organization to take over and operate transit facilities represents a different approach to a common problem — the need for a public corporate entity that transcends conventional boundaries of local government, that has adequate financing and other powers to operate transit facilities, and that provides a management structure deemed adequate to afford responsible direction of the affairs of the enterprise.

As of this writing, there is little activity on the first of these measures and no more is expected; but a substantial consideration and a rewriting of the other two appear to be moving forward. At this time it is impossible to ascertain with any degree of certainty which of these measures (if any) will ultimately meet with legislative favor, or, for that matter, the precise form that any of them may eventually take if enacted. Any of these measures may ultimately be amended to include

particular features originally present only in one of the others. Also, any might be changed to delete some feature distinguishing it from the others.

In these circumstances your Committee has oriented its commentaries on these proposals primarily to the features of each bill, in the form introduced, that distinguish it from rival proposals seeking the same broad objectives. This seems more useful than to concentrate on the technical details of the amendments presently being proposed with respect to any of these measures for surely the array of technical experts and public officials now considering these measures is capable of drafting suitable enabling clauses once the basic approaches are decided upon.

In addition to the three proposals noted above and some others of more peripheral significance relating to the funding of community and school services, there are four others that appear to have some bearing on the future of mass transit in the Portland metropolitan area:

HJR 12 would create an Interim Committee on Rapid Transit, consisting of seven legislators and four "public members" selected by the presiding officers of the two legislative houses, to "study the present status of public rapid transit systems in the Willamette Valley and examine proposals for modification of such systems and for the establishment of new systems", and to report the results of such study to the next Legislature. Although a well-intentioned measure introduced early in the present session to focus upon a crying public need, this proposal for an Interim Committee seems to afford a less promising approach to current transit problems than the proposal for a State Department of Transportation, noted below. Actually, neither agency can devise a program or schedule adequate to effect timely solution of the problems presented by the Portland mass transit crises, present and anticipated; and it would be tragic if either were seized upon as an excuse for the Legislature to do nothing at this time with respect to establishment of an action agency that is properly equipped to move quickly in the Portland area.

HB 1020 as passed by the House, creates a State Department of Transportation which, among other things, would include a Mass Transit Division as a "state-wide coordinating, planning and research agency" in its field. It would afford continuing professional assistance to communities needing such service, and in the long run could have a significant impact on future development, primarily through the budget control over all transportation programs that would be vested in the Director of the Department. The new Division might prove very helpful in staffing the transit planning of smaller metropolitan centers throughout the state. But, as noted above, the proposal probably comes too late, with too little, to afford any immediate practical assistance in meeting imminent Portland problems.

HB 1438 merely permits a public employer taking over transit operations to exclude transit employees from the Public Employees Retirement System implementing an earlier constitutional amendment that contemplates retention of existing retirement systems covering employees of transit operations to be taken over by public authority.

HJR 50 sponsored by the House Urban Affairs Committee, proposes a constitutional amendment that would authorize use of a portion of taxes on motor vehicles fuel or on ownership operation, or use of motor vehicles to finance mass transit systems. It affords an additional method of financing such operations, and in a sense is a legislative answer to a highly restrictive Attorney General's Opinion dated March 18, 1969 which holds that such funds at present cannot be used for such purposes.

None of the last four mentioned proposals, in and of itself, is of immediate and substantial practical use in Portland's situation. And the measure most important to the Portland area — the constitutional amendment — can not be presented to the voters for some months to come.

Beyond noting its unanimous conclusion that any mass transit agency should have the broadest and most flexible financing powers possible, your Committee accordingly confines its expanded commentary to the measures that would afford a vehicle for acquisition, development and operation of a Portland metropolitan area mass transit system.

A. COMMENTARY ON HB 1786 (PORT OF PORTLAND AUTHORIZATION)

For many years there have been suggestions that the Port of Portland is a ready-made instrumentality for the accomplishment of precisely the ends noted above—operation of mass transit by a public corporate entity that transcends conventional local boundaries and has ample financing and other powers and adequate management for these purposes. However, its territorial limits are presently confined to Multnomah County. Moreover, Although it has broad authority to conduct rail and marine transport operations, it lacks authority to operate busses. Furthermore, its bonding and taxing authority has been managed with a view toward affording a sound financial base for the promotional, industrial land development and airport programs with which it has been identified to this date. It has done nothing so ambitious as to subsidize mass transit. Its commissioners characteristically have shown a distinct coolness to overtures suggesting they embark into transit operations, particularly if such operations require subsidy.

House Bill 1786 was designed to adapt existing Port legislation to present-day transit operations by expanding the agency's boundaries to include Washington and Clackamas Counties (section 1) and by adding to the Port's other powers the authorization (but not a direction) to "provide mass transit within its boundaries" (section 3). Section 4 states that "for the purpose of providing mass transit, the Port may exercise any or all powers granted for any other purpose" by specified sections of the present Port enabling legislation, including the capacity to sue, authority to acquire and dispose of property and enter into contracts, eminent domain, and the power to enact ordinances. Section 5 would enact new borrowing and bonding provisions, permitting aggregate bonds outstanding at any one time up to one and one-fourth percent of the true cash value of all property within its limits "unless a greater amount is approved by the qualified voters" (although the relationship of this new provision to existing bonding provisions is left obscure). Sections 6 and 7 would confer taxing authority similar to that which the Port now has with respect to its existing functions, up to one-half of one percent of true cash value for mass transit purposes "unless a greater amount is approved by the qualified voters of the Port at an election called for that purpose". Section 8 authorizes the Port commissioners to create within itself by ordinance, a five-man transit authority appointed by the commissioners and serving at their pleasure, to whom the commissioners might delegate any or all of their authority pertaining to transit except for powers relating to borrowing, bonding and taxing. Section 9 would authorize the Port to "contract with public or private corporations for the construction, operation or maintenance of mass transit" and to "acquire mass transit systems within the Port or enter into agreements with mass transit systems for the purpose of extending mass transit service beyond the limits of the Port", and would require protection of the pension rights and other interests of employees and retired employees of any public transportation system which the Port acquires. The remaining provisions of the bill deal with details of right-of-way, regulations and taxation, including one provision which precludes an earmarking of the amounts of taxes collected for transit purposes. No change would be made in the existing procedures whereby Port commissioners are appointed by the Governor.

The obvious appeal of this bill is that it seems to afford a basis for immediate action by a development-minded agency presently in existence, having a strong tradition of competent management, enjoying widespread public confidence, having extensive experience in business-type activities under long-standing legislation that confers fiscal and other corporate powers reasonably adapted to the needs of mass transit operations.

Despite its extensive experience in land development, trade promotion and airport operation, Port officials point out that these activities are markedly different in significant respects from those that characterize a mass transit system. They note

that they presently have no operational responsibilities except in connection with the airports and administration of real estate, that they normally have no direct contact with the general public, and that they have no experience whatsoever with supercharged labor relations such as characterize transit operations. They further point out that all of their financial resources are presently committed to programs they already administer, and they note that any expansion of their activity is almost certain to require a test case in the courts to resolve constitutional problems arising out of this effort to extend the boundaries of a municipal corporation by legislative enactment without a vote of the affected public.

The Port is further fearful that the addition of another major responsibility might seriously dilute the management of the Port, jeopardize its financial stability, and deter high caliber people from accepting appointment to the nonremunerative position of Port Commissioner. They further regard this proposed extension of the Port's authority as incompatible with their efforts to extend the Port's boundaries to encompass the entire lower Columbia.

In addition there is serious question as to whether an agency of this nature, headed by commissioners appointed by the Governor, is sufficiently sensitive politically to handle adequately a program in which there is such a prime need for broad community participation in the decision-making processes. This situation is somewhat aggravated by the provisions of the bill that would permit delegation of most of the Port's responsibilities to the transit authority that would be appointed by the commissioners themselves. In this connection it should be noted that none of the Port commissioners is himself an elected official, and none has any responsibility to the various local officials whose regular duties are closely intertwined with those of any agency that may attempt to create or operate a mass transit system.

B. COMMENTARY ON HB 1808 (TRANSIT COMMISSION)

House Bill 1808 authorizes creation of mass transit districts in the Portland area or elsewhere. It is derived from previous proposals to establish metropolitan transit authorities—bills that have received extensive legislative consideration in previous sessions. The procedures for creation of mass transit districts (sections 2-8),⁽¹²⁾ however, are derived mainly from SB 41, a proposal by the Interim Committee on Local Government to provide uniform procedures for the fixing of various district boundaries that likewise have received extensive study by the legislature.

Provisions for appointment of the Transit Commissions' governing board by the Governor of the State (section 9) are similar to those relating to the Port of Portland, but they are derived from a previous transit authority proposal. The provisions relating to the general manager's functions (sections 19-21) and the agency's regulatory ordinances (sections 22, 23) are derived from another previous transit authority bill. Most of the corporate, planning and financing powers (e.g. sections 13, 14, 24-35) are derived from House Bill 1154, dealing with water control and other special districts, that has received extensive legislative consideration during the current session.

The remaining general provisions (section 37-46) as well as those relating to annexation, mergers and dissolution (sections 47-61) are derived from SB 41, mentioned above.

New matter in this bill as introduced provides that a mass transit district may be created either upon petition by ten percent of the registered voters within the limits of the proposed district or by motion of any county board or city council within the district (section 3), invoking a procedure for formation comparable to that prescribed by SB 494, discussed below.

The obvious advantage of this bill is its specific orientation to virtually immediate action on transit problems. Mass transit is certainly an activity sufficiently large and important to justify special attention. This bill thus has much political appeal because it minimizes the risk of continued obstruction by those who oppose combining transit with other operations or who at this time are reluctant to author-

⁽¹²⁾Section references herein to HB 1808 relate to the bill as originally introduced. Renumbering will occur as the result of amendments being adopted which are largely technical in nature, not affecting the fundamental approaches taken in the bill as initially introduced.

ize new metropolitan area governmental functions such as the sewage and solid waste disposal contemplated in SB 494 (including the City of Portland).

Moreover, HB 1808 is enabling legislation of general applicability and it thus avoids such problems as might have arisen had it dealt specifically only with the Portland area. It thus captures the attention of downstate legislators who might otherwise have limited interest in legislation affording relief to Portland.

On the other hand, like SB 494, HB 1808 proposes to place transit operations in the hands of a newly created agency. Unlike HB 1786 (the Port Authority bill), it does not give over the reins of authority to an existent body that already enjoys public acceptance and confidence in its management, experience and competence.

Obviously the quality of the Governor's appointments would have an important bearing on public confidence in the agency, and such appointments conceivably might evoke more favorable public reaction than would attach to the local public officials likely to be appointed under SB 494. On balance, however, your Committee is impressed with the fact that this bill has the same disadvantages as HB 1786 in not specifically dealing with the special need for politically sensitive management, for broad community participation, and for recognizing in some tangible way the inter-relationship between the transit authority and the government bodies whose decisions are crucial to transit planning and management, or whose responsibilities are strongly influenced by transit management's decisions. Furthermore, enactment of this bill would represent a reversal of the trend away from proliferation of special purpose agencies — a trend exemplified in SB 494.

Finally, although there has been extensive legislative consideration of the various bills from which HB 1808 has been derived, this measure is detailed and complex in its particulars. Such detailed provisions not only afford a target for opponents; they carry the risk that the agency's powers will be narrowly construed.

C. COMMENTARY ON SB 494 (METROPOLITAN SERVICE DISTRICT)

Senate Bill 494 is the outgrowth of similar but somewhat broader legislation that was initially fostered at the last legislature. The earlier bill represented an effort to permit essential municipal services to be conducted across county and city boundaries without any further proliferation of numerous special-purpose service districts, as has been characteristic of urban development throughout the United States in recent years.

The presently proposed legislation clearly anticipates the eventual concentration, into each such district, of all service of any kind that can best be organized on areawide bases within the boundaries of the district; but it endeavors to minimize political opposition by curtailing the district's functions at this time to those for which there presently appears to be a pressing, urgent need and popular demand (section 10).⁽¹³⁾ In the form introduced, the bill leaves later expansion of the scope of the district's activities and the manner of handling them to local determination through adoption of charter provisions that may confer additional powers, change the corporation's structure and prescribe procedures for the performance of its functions (section 11).

The bill is nothing more than enabling legislation to permit either five percent of the residents of the proposed district or the governing body of either its most populous city or its most populous county to take the first steps toward the formation of a metropolitan district (section 4) that at this time might concern itself with sewage, solid waste disposal and public transportation. The county governing body thereafter would take charge of machinery for publication of notice, hearing, registration of objections, and the mechanics of a popular election on the issue of whether the district should be established (sections 5, 7). These procedures include settlement of boundaries and may include the determination of the district's initial tax base.

In general, the district's orientation would be to provide the "metropolitan aspects" of the specified public services in addition to only those "local aspects" as might be determined by agreement with the particular city or county or other public corporation most directly involved with the local services (sections 10, 11, 12). The district itself, however, would have broad authority to determine what

⁽¹³⁾References herein are to SB 494 as introduced. Some renumbering of sections will occur as the result of amendments.

is "regional" or "metropolitan" in aspect, including the authority to take over any facility or function of a local entity "to the extent necessary to provide the service" but it would be obliged to pay the local entity the value of the facility as well as an amount in the nature of severance charges with respect to functions left partly under local jurisdiction (section 12).

The legislation prescribes procedures for formation, including provision for notice, presentation of objections, and modifications of boundaries (sections 4, 5). It authorizes the establishment of a tax base for the district (section 6), it provides for financing by service or user charges, tax levies (including differential rates for different classes of property and persons), special assessments (based on special benefits), acceptance of grants, borrowing of money from local entities, and issuance of general obligation and revenue bonds (section 15); it confers other broad corporate powers, including capacity to sue and be sued, to contract, to acquire and dispose of property, to hire employees, etc. (sections 9, 13, 14, 16, 20).

It requires the district to "offer to employ every person who, on the date the district takes over function of a public corporation * * * in the district is employed by the corporation * * * to carry on the function", and to protect such persons' pension rights (section 24).

The governing body of the metropolitan districts would consist of a representative from each governing body of any county within its territory (with a minimum of two such representatives) and three representatives from the governing bodies of the cities in the district, chosen by a joint convention of the mayors of the cities (section 9). The charter further provides that the voters of the district "may exercise the powers of the initiative and referendum with reference to legislation of the district * * * except as a charter the voters adopt for the district provides to the contrary" (section 21).

The potential scope of the agency and its flexibility are materially restricted by amendments adopted in committee, mainly at the instance of the City of Portland. These amendments eliminate the provisions for chartering the new agency and changing its governmental structure or procedures, although there is still provision for assumption of additional functions, through use of the initiative. In general, the amendments seem to subject the agency to greater control by existing cities within its boundaries insofar as it may seek to engage in activities that may have an impact on the "local aspects" of functions already carried on by those cities.

Even with these restrictive amendments, however, the instrumentality thus proposed has some obvious advantages: It is specifically designed for immediate operation, across county lines, of those utility-type activities that are of most immediately pressing urgency. Its initial governing body is selected from among elected officials whose normal duties include a degree of oversight in regard to comprehensive planning in their respective communities; its legislative functions remain subject to direct public control through the initiative and referendum and for these and other reasons it obviously is likely to produce as politically sensitive management as is possible — short of direct election (an alternative possible under the bill in its original form if the voters should choose to provide for direct election by charter). And the involvement of the elected officials affords some degree of contact between transit planning and the related local governmental functions. Hopefully, a politically sensitive governing board should be particularly alert to the desirability of encouraging broad community participation in planning and other decision-making processes.

Finally, the legislation is simple, brief and easily understood. The pattern of metropolitan administration it anticipates — i.e. a simple metropolitan service district in any given metropolitan area — would avoid unnecessary and undesirable proliferation of governmental bodies, each created for a special purpose. Oregon already has too many special service districts—as noted above, some 400 in the Portland metropolitan area alone. Your Committee views with concern the possibility that this proliferation of agencies may be extended to the metropolitan community level.

Among the most obvious disadvantages of the measure are questions as to whether a governing body of this nature will command public confidence and support, as well as the political uncertainties created by the novelty of this type of governmental entity and opposition to the scope of activities it is authorized to

perform. Although this device obviously avoids the obstructive tactics of those who are opposed to Port operation of transit, there are others who will question whether the transit function is either compatible with or necessarily related to the other functions that the legislation prescribes. Certainly the road to effective action — or even to enactment of the legislation — may be blocked by those who for one reason or another are opposed to metropolitan administration of such facilities as sewers and solid waste disposal, or in fact opposed to the establishment of any metropolitan entity.⁽¹⁴⁾

In the judgment of your Committee, however, these disadvantages are more than substantially offset by the favorable aspects of the proposal.

IV. CONCLUSIONS

1. Portland's present public transportation crisis has two distinct aspects — the near-term and the long-range. The near-term problem is to safeguard the integrity of existing but wholly inadequate facilities for two reasons: First, to avoid interruptions of service upon which a substantial segment of the community still relies (however bad the service may be) — children, the aged, the poor, the physically handicapped, and others unable to drive or own automobiles, not to mention the downtown business community whose economic well-being is essential to the preservation of the economic and other values of the core area. Second, to avoid deterioration of the existing facilities and services toward a point of extinction — to a level that so discourages use and riding habits as to render irreversibly the present downward spiral of patronage and service. The long-range problem is to reverse the existing trend — to provide facilities and service that reasonably meet the needs of a substantial segment of the community, to the end that the entire metropolitan community may avoid strangulation by freeways, parking lots and exhaust fumes.

2. The present crisis is the product of neglect — of public inattention to immediate as well as future transportation needs of the area, of a tendency to drift from crisis to crisis as the situation becomes progressively worse, of a failure of the business, political and civic leadership of the community to look ahead to the consequences of its inattentiveness. This chronic inability or unwillingness to look ahead has resulted in a transit franchise that made the present crisis inevitable. In no circumstances should the community tolerate a new franchise like the present Rose City Transit franchise, or any regulation which extends its life beyond the barest minimum term.

3. The present efforts of the City of Portland to terminate the Rose City Transit franchise and to take over the Rose City Transit system may prove to be a useful interim step toward long-range objectives, but at best they afford only a temporary solution to the area's public transportation problem. The legitimacy of the takeover has been challenged, and ensuing litigation may hold up an ultimate solution until the existing franchise has virtually run its course. Moreover, the City apparently has no long-range plans of its own for transit operation and may in fact be incapable of achieving a long-range solution even if its takeover efforts succeed. To effect a turn-around in the public's riding habits will require a massive reorganization of transit services in a metropolitan area in which only about half the population resides in the city itself; and City Government itself has recognized that it lacks both the legal authority and the financial reserves to underwrite the necessary expansion and improvement of facilities and service. The present takeover efforts appear to your Committee to be nothing more than a continuation of the "holding action" approach that has proved so disastrous in the past.⁽¹⁵⁾

⁽¹⁴⁾Since preparation of the above commentary, the *Sunday Oregonian*, on April 20, 1969, published a Bardsley poll undertaken to test reaction to SB 494 that showed 69 percent of the voters of Multnomah, Washington and Clackamas counties in favor of, and only 13 percent opposed to, "the idea of a tricity district * * * to deal with the problems of sewage, mass transit and solid waste disposal". The poll showed 72 percent Democratic and 65 percent Republican favoring such an agency.

⁽¹⁵⁾Your Committee has been advised that the City Council's Mass Transit Advisory Commission (a recently formed entity appointed about the same time as your Committee began its studies) is presently developing long-range plans for transit operation.

4. To achieve an adequately planned and operated transit system in the long run, at least three considerations must be pursued:

(1) The area of operations and its financial base must include as much as possible of the entire metropolitan area.

(2) There must be a harmony between public transportation and all other aspects of the urban community — some tangible recognition of the inter-relationship between transit operations and those aspects of the community's life that influence the planning of transit operations.

(3) The transportation system needs to enjoy the confidence of the public through a continuing involvement of the citizenry in the processes of planning and operations, so that the public gets the transportation system that it actually needs and wants.

5. To accomplish the objectives stated in Item 4, the public needs to place its mass transit problem in a planning and operating entity that transcends conventional local boundaries and has ample financing and other powers and adequate management to achieve these ends. It is particularly important that such an agency should possess the widest possible variety of financing powers and that it be closely coordinated with whatever agency or agencies are responsible for the public functions pertaining to the planning of land uses and the programming of social resources throughout the area being served.

6. Because of the fragmentation of local government within the metropolitan area, these objectives can be accomplished only by legislative action of state government, through the establishment of a suitable areawide vehicle for transit management. Because of the imminent expiration of the existing Rose City franchise in 1972 and the risk of a breakdown in service before then, it is imperative for the Legislature to act during its present session.

7. Each of the three bills now before the Legislature for this purpose has distinct merits and weaknesses. The bill most likely to meet the public's requirements in this situation is SB 494 (Metropolitan Multipurpose Service District) because it alone affords some reasonable prospect of closely coordinating transit planning with other public planning and avoiding further fragmentation of public services — particularly if it could be amended to make the directorate of the metropolitan service district elective.

8. The other bills are notably weak in their omission of provision for comprehensive areawide planning and their tendency to insulate transit management from direct control by the public most immediately concerned. Even though HB 1808 (Independent Transit Commission) as amended declares that the proposed transit district is a "municipal corporation", and "a unit of local government" for limited purposes, appointment of the directorate by the Governor in practical effect makes it a State agency in terms of its responsibility to the constituency it serves, taxes and bonds. This aspect of both HB 1786 (Port of Portland) and HB 1808 appears particularly inappropriate for an agency charged with functions so peculiarly local and politically sensitive. However, the urgency of taking action now is so pressing that enactment of any one of the three bills is preferable to doing nothing at all.

V. RECOMMENDATIONS

The foregoing discussion suggests that transit operations can be conducted at a profit, at least at some level of service, but that they cannot be conducted for profit in a manner that satisfies the needs of the community. The dilemma faced by the responsible public authorities is to find a way of meeting these needs according to a formula that assures an underwriting of the costs of adequate transit services, whether by user charges or by a combination of user charges and other means.

Your Committee at this time has no specific recommendations as to how this objective can be accomplished under the City's proposed takeover or otherwise, because, as noted in the introductory paragraphs, this is merely an interim report born of your Committee's realization that its immediate concern must be with pending legislative proposals that may be a prerequisite to any reasonable solution of the problem.

In view of the rigid time limitation thus imposed on its efforts, your Committee accordingly confines its present recommendations to the following urgent suggestions:

1. That the current Legislative Assembly enact one of the three bills now before it that would permit the formation of an agency that could plan and operate transit services on an areawide basis throughout all or most of the Portland Metropolitan Area.
2. That the Legislative Assembly give preference in these considerations to SB 494, ideally with amendments that will place control of the enterprise in a directorate selected by popular vote directly proportional to the population served.

Respectfully submitted,

Robert S. Ball
Hobart M. Bird
Ronald C. Cease
William C. Church
John H. Eyer
Emerson LeClercq
Howard V. Morgan
Thomas M. Poulsen
James M. Stewart and
Norman A. Stoll, *Chairman*

Approved April 24, 1969 by the Research Board for transmittal to the Board of Governors.
Received by the Board of Governors April 28, 1969 and ordered printed and submitted to the membership for discussion and action.