

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Recessed Meeting
from
Regular Meeting
of
March 4, 1971

March 6, 1971
9:00 A.M.

COUNCIL CHAMBERS, CITY HALL

The meeting was called to order with Mayor LaRue presiding.

Roll Call:

Present: Councilmen Gage, Janes, Johnson, MacCorkle, Price, Mayor LaRue
Absent: Councilman Atkison

Mayor LaRue announced that this was a continuation of the Regular Meeting of March 4, 1971. He stated that the Council would first hear the representative of Austin Transit to present any additional information concerning their proposed contract for bus service.

Mr. Hugh Ashby, Vice-President of the parent corporation of Austin Transit, American Transit of St. Louis, noted that the Council had a letter clarifying several points which had been brought up during the meeting of March 4. He stated that the 95% and 92% operating ratios were before taxes--that is, they did not include income taxes. The letter also offered to eliminate the provision that the contract was contingent upon a 3-year settlement with any labor union.

He reviewed the proposal for bringing in 25 relatively new 45-passenger air-conditioned coaches to be supplemented by 15 additional transit-type non-air-conditioned coaches. The City would be purchasing primarily management ability. The City was under no obligation to purchase the buses, and after the first nine months of operation, the City could furnish its own buses.

In response to Councilman Gage's question, Mr. Ashby stated that the proposed contract provided for the operation of school buses through June 1 and for continued operation of school buses giving the City the benefit of any profit made in the operating ratio but not charging the City for losses which might be incurred. In response to Councilman MacCorkle's question, he estimated the cost to the City to be about a 7 1/2% return on the company's investment. Councilman MacCorkle favored the City purchasing management and not buses, which Mr. Ashby stated would be the case.

In response to Councilman Price's question, Mr. Ashby stated that cost breakdowns would be provided to the City monthly. In response to Mayor LaRue's question, he stated that there was no item which could provide profit to the company without reducing the amount the City would owe. Councilman Janes discussed with Mr. Ashby the definitions of some of the wording in the contract. He discussed with City Attorney Butler the renegotiation and cancellation options.

Councilman Gage discussed with City Manager Andrews the amount of time it would take for increasing the Federal share of financing for City purchase of buses as well as the delivery time if the City were to purchase buses. Councilmen Gage and Janes both expressed the view that ultimately the City would have to purchase some buses at which time City Manager Andrews noted there would be a number of management firms which the City might employ.

Mr. Conwell Smith, of Transportation Enterprises, stated that their operating cost of 59¢ per mile was as good as or better than their opposition. In order to get rid of school-type buses, he proposed acquisition of 20 newer units by June 4 and as many as 40 by August 15. He stated that after consulting with Urban Mass Transportation he found that the City could buy buses in the future so long as the City did not enter into a contract at this time to do so. At the time of purchase, the Federal excise tax would be refundable. He discussed the insurance coverage and the design and equipment of the buses which they would bring to the City, which he felt were superior to those of Austin Transit. He presented an amendment to their proposal which would not obligate the City to buy the buses; it also provided for a five-year rather than two-year contract, after which time the City could purchase the buses if it wished to do so but was not required to do so. If the contract were terminated before the end of five years, however, the City would be required to purchase the buses or trade them in.

Mr. Smith noted that TEI was an Austin enterprise and money paid to them would stay in Austin. Councilman Janes discussed with Mr. Smith the design of the Twin Coach and GM buses, expressing dissatisfaction with the model which the Council had been shown previously. Councilman MacCorkle echoed this sentiment. Councilmen Janes and MacCorkle and Mayor LaRue all expressed their appreciation to Mr. Smith for having bailed the City out on a temporary basis some months earlier.

City Attorney Butler stated that under the Austin Transit contract which would run until January 1, 1972, the City would be under no obligation to buy any buses or equipment during the contract period or thereafter. In response to Councilman Price's question, Mr. Smith stated that they could provide the City with some GM buses in 12 days.

In response to Councilman Johnson's question, Mr. Ashby stated that his company would put up a performance bond if the Council required it, although that would add to the expense of the contract.

Mr. A. J. Sholts expressed his concern about getting more bus routes and less polluting buses. He believed that the issue needed more study than it had been given and requested that the Council delay its decision or at least enter into the shortest-term contract possible.

In response to Councilman Gage's question, Mr. Ashby stated that his company would run the school buses through May 31. Austin Transit would continue

to run those which were profitable, as specified in the contract; those which were not profitable would not count against the operating ratio. In response to City Manager Andrews' question, he stated that they would run the school bus routes which covered out-of-pocket expenses.

There was considerable discussion during which the Council attempted to compare the monthly cost to the City of each of the two proposals. City Manager Andrews stated that for TEI under the present contract the January cost to the City was \$19,087.95. He finally estimated that for the Austin Transit proposal involving a 95% operating ratio for the rest of 1971, the monthly figure would be \$13,620.00; and for the 92% operating ratio after January 1, 1972, the monthly cost would go to \$16,020.00. With either company, City Manager Andrews noted that the City would have to pay the difference between expenses and revenues, and it was simply a matter of deciding which company would have the highest revenues and/or lowest expenses.

Motion

Councilman MacCorkle moved the Council award the contract for operating buses in the City of Austin to Austin Transit Corporation as per the proposed contract as amended, with the additional provision in the contract that Austin Transit would operate the school bus lines in the fall on those routes that paid out-of-pocket expenses. The motion, seconded by Councilman Price, carried by the following vote:

- Ayes: Councilmen Johnson, MacCorkle, Price, Mayor LaRue
- Noes: Councilmen Gage, Janes
- Absent: Councilman Atkison

Regarding his vote, Councilman Gage stated that he was not really satisfied with either proposal which had been presented to the Council, and his preference was for the City to go ahead and get into the business itself.

Regarding his vote, Councilman Janes stated that he preferred to continue the present operation for a minimum of four months, but it did not matter too much as either contract would be a stop-gap measure.

Regarding their votes, Councilmen Johnson and MacCorkle stated that they believed the Council had an obligation to the public to make a decision on one of the two proposals at this time.

Regarding his vote, Councilman Price expressed the hope that the next Council would move into the field of buying buses under the Federal program and felt that the cost of this would be lowered under the Austin Transit contract.

Regarding his vote, Mayor LaRue believed that the Austin Transit Contract was the better contract in giving the City flexibility for getting into the business itself.

In response to Councilman Johnson's question, Councilman Gage stated that his second preference was Austin Transit rather than Transportation Enterprises.

Mayor LaRue stated that it was the will of the Council that the City Manager should pursue immediately through the Federal government securing the right to order buses. City Manager Andrews stated that this would be pursued immediately.

ADJOURNMENT

Councilman Janes moved the Council adjourn. The motion, seconded by Councilman Gage, carried by the following vote:

- Ayes: Councilmen Gage, Janes, Johnson, MacCorkle, Price, Mayor LaRue
- Noes: None
- Absent: Councilman Atkison

The Council then adjourned.

APPROVED: _____
Mayor

ATTEST: _____
City Clerk