

'... He was steering the ship when it hit the iceberg.'

# Transit chief gets walking papers

By KAREN CLARK

Sentinel staff writer

SANTA CRUZ — Scott Galloway, who helped build the transit district from an eight-bus agency with a part-time manager to a \$20 million operation, has agreed to retire as a result of the FEMA overpayment scandal.

The deal struck between Galloway and the Santa Cruz Metropolitan Transit District board of directors was signed late Thursday, said Chairman Mike Rotkin.

Under terms of the agreement, Galloway will retire as general manager effective Jan. 31, 1998, with a \$97,000 severance check. For the next 10 months, Galloway will take the unused paid vacation days he accumulated over 24 years with the district.

Galloway made an annual salary of \$91,374 as general manager.

Rotkin also reported that the district agreed to pay \$5,000 for Galloway's attorney's fees amassed while the retirement deal was being negotiated over the past few

months.

In addition, Galloway, 49, will receive the regular retirement benefits given to long-time district employees, which include life-long health-care coverage. Galloway will not, however, receive the sizable pension he would have had he retired in just five more years, said Rotkin.

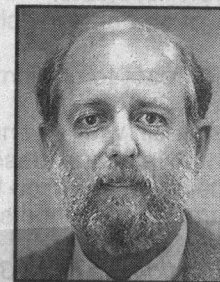
Rotkin emphasized that Galloway was allowed to retire rather than be fired because there was no evidence that he knew of any wrong-doing in the dealings with the Federal

Emergency Management Agency in the wake of the 1989 earthquake.

"He hired some people who screwed up," said Rotkin. "There's no evidence he committed fraud or encouraged it. The only thing was that he was steering the ship when it hit the iceberg."

Galloway could not be reached for comment.

No report on the district's internal investi-



Scott Galloway 'hired some people who screwed up.'

gation into FEMA's charges has been made public. In addition, details of the tentative settlement announced in October between the transit district and FEMA on repayment of the false quake-recovery claims still have not been released.

It's clear, however, that board members accept FEMA's claim that the district was overpaid by some \$1 million for the extensive damage to its South County facility caused by the 1989 earthquake. At least one intentionally altered document has created suspicion that the overpayment was fraudulently sought, said Rotkin.

The retirement settlement with

Galloway brings to two the number of transit district managers who have lost their jobs as a result of the scandal. The other is Sean Mooney, the district's facilities engineer for nine years, who was fired. Rotkin said a third employee also is in the process of being fired.

News of Galloway's retirement brought a mixed response from Nora Hochman, a representative with Service Employees International Union Local 415, which represents a portion of the district's 263 employees.

"I think the best thing about the settlement is it's completed," said Hochman. "It's a good thing this board has put this chapter of this organization behind us."

But, said Hochman, Galloway's forced retirement doesn't negate the value of his service to the district.

"I think he has been absolutely, completely committed to mass transit," she said. "I think he's been good for Santa Cruz County for public transportation. I think he's been innovative and he's been inclusive."

Galloway joined the district in 1973 as assistant general manager to Walt Keller, who was paid \$200 a month to work part time. In 1975, the general manager's job became full time, and Galloway took it over a year later.

In 1978, Galloway helped engineer an election in which voters

agreed to levy on themselves a half-cent increase in the sales tax to be used to fund the transit district.

Since then, Galloway has presided over a district that has grown into a 79-bus operation with an annual budget of more than \$20 million and more than 6.7 million riders last year.

"Scott Galloway played a major role in a positive way in making

this district what it is today," said Rotkin, noting that it's the largest district in terms of miles covered or people carried of any urban area of less than 200,000 people in the United States. "But it was the board's decision to seek new leadership, and his decision to retire as a result."

Rotkin defended the size of the settlement package awarded Galloway.

"We no longer felt we could continue with him as our director, and yet we wanted to recognize the service he provided to this county," said Rotkin. "This is a middle-aged person who put his whole life into the district. And as a result of other people's actions, he lost his job. ... The settlement is way too nasty and way too nice at the same time, depending on how you want to interpret the facts."