

The regular monthly meeting of the Los Angeles Metropolitan Transit Authority was held at its offices at 2233 Beverly Boulevard on May 5, 1953, at 2:45 p.m., with the following members present:

Walter J. Brunmark
H. C. McClellan
Martin E. Pollard

Lloyd S. Whaley
Jim Wilson

Members absent: B. O. Miller
Fred S. Dean

Also in attendance: Ralph P. Merritt, General Manager
James L. Beebe, General Attorney
Miss Bea Kay, Public Information Counsel

The minutes of the previous meeting of April 7, 1953, were approved by motion made by Mr. McClellan, seconded by Mr. Whaley, and adopted by unanimous vote of all members present.

The General Manager reported that action was taken by the Authority at its meeting of February 10, 1953, by which the General Manager was authorized to request the Board of Supervisors of Los Angeles County for authority and permission to use such portions of the balance remaining in the "Salaries and Wages" account of the Authority as of December 31, 1952, amounting to \$2,600, for the payment of such legal services as may be billed the Authority by its General Attorney. After some discussion it was decided to withhold the making of this request until a conference had been held with the Chief Administrative Officer of Los Angeles County.

The General Manager stated that he had taken up the matter with that office, which advised that the proper way to proceed would be to make a written request of the Board of Supervisors to amend the present contract between the Authority and the County so as to permit such action.

MINUTE RECORD OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

MEETING HELD ON THE

Fifth

DAY OF

May

1953

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CHARLES R. HADLEY CO., PAT. FINDERS, LOS ANGELES, SAN FRANCISCO, NEW YORK, CHICAGO

REG. U.S. PAT. OFF. STANDARD MINUTE RECORD

The following motion was made by Mr. McClellan and seconded by Mr. Whaley: That the Secretary of the Authority be authorized to make written request of the County Supervisors to so amend the contract between the County and the Authority, dated October 22, 1952, as to empower the Authority to pay such legal expenses and attorney's fees incurred by the General Attorney of the Authority between March 3, 1953, and June 30, 1953, from the funds appropriated by the County in the said contract of October 22, 1952, remaining unexpended on June 30, 1953.

The roll was called and the motion was adopted, five members voting aye; voting no, none.

Mr. Beebe was excused from the meeting at 3:15 p.m.

The General Manager then made a report on the status of Assembly Bill No. 2782, known as the Geddes Bill, with a proposed amendment to the same, which reads:

"Section 1. The sum of four hundred thousand dollars (\$400,000) is appropriated from the General Fund to the Los Angeles Metropolitan Transit Authority for administration, planning, engineering, and legal expenses in effectuating a study of public mass transit in the County of Los Angeles.

"The Los Angeles Metropolitan Transit Authority shall use its best efforts to obtain from the Board of Supervisors of Los Angeles County supplemental appropriations in an amount at least equal to \$350,000 including appropriations for similar purposes made on and after July 1, 1952, by said Board of Supervisors of Los Angeles County."

It was moved by Mr. Whaley, seconded by Mr. Brunmark, that the Authority recess, to be reconvened at the call of the Chair. Motion carried by unanimous vote of all members present.

Prior to the arrival of Mr. Haugh and Mr. Lanham, Mr. McClellan said that he had been invited by Mr. Lanham to talk things over with him before the proposed amendments were presented in the Legislature. In his discussion with Mr. Lanham he said he felt that there were two basic requirements which must be met before any agreement could be reached.

First: On the premise that the Authority's intention was to operate only in those areas in which it was impractical for private enterprise to operate. Assuming this to be a proper premise, it did not seem right to so operate unless the Authority were placed under the jurisdiction of the State Public Utilities Commission in the matter of routes only; the point being that unless some agency had jurisdiction over the Authority on that matter it would be possible for the Authority to put privately-owned transit lines out of business. Therefore, if the Authority did nothing else it should be under the jurisdiction of that Commission as to routes.

Second: Mr. McClellan said that Mr. Lanham felt that other conditions should be that the Authority should be subject to whatever normal requirements private transit lines are subject to in local communities. He also stated that at a meeting held by Mr. Lanham and Mr. Haugh with the General Manager and Secretary of the Authority and himself, Mr. Lanham and Mr. Haugh said that at any time the Authority put into operation a transit system which had the effect of impairing profits, or potential profits, of any privately owned transit system, the

Authority should be required to buy the damaged properties of those lines.

The representatives of the Authority expressed the belief that if such an amendment were adopted and included in the provisions of the Bill, the Authority would never be able to market its bonds. Therefore, that amendment was impractical and unacceptable.

Mr. McClellan further stated that the matter of arriving at some agreement between all parties was discussed at the meeting in order to avoid a battle at Sacramento which would place the Authority under the jurisdiction of the Public Utilities Commission as to routes only, and would also prevent the Authority from competing with privately owned companies in their own operations. The question seemed to be whether the Authority intends to compete with privately owned lines or to supplement services that can be performed by private lines.

The General Manager presented a resolution requesting the Authority to take official action upon his recommendations as to amendments to Assembly Bill 2782, and that he be instructed to take all proper legal means to secure its passage by the State Legislature.

This resolution reads as follows:

"Be it resolved that Assembly Bill No. 2782, known as the Geddes Bill, be amended to read:

"Section 1. The sum of four ^{hundred} thousand dollars (\$400,000) is appropriated from the General Fund to the Los Angeles Metropolitan Transit Authority for administration, planning, engineering, and legal expenses in effectuating a study of public mass transit in the County of Los Angeles.

"The Los Angeles Metropolitan Transit Authority shall use its best efforts to obtain from the Board of Supervisors of Los Angeles County supplemental appropriations in an amount at least equal to \$350,000 including appropriations for similar purposes made on and after July 1, 1952, by said Board of Supervisors of Los Angeles County."

This resolution shall be known as Resolution No. 17.

Moved by Mr. McClellan, seconded by Mr. Whaley, that the Resolution as read be adopted. On roll call the Resolution was adopted by an aye vote of five members; no votes, none.

Upon motion made by Mr. Whaley, seconded by Mr. Brunmark and unan-
imously adopted, the meeting recessed until reconvened at the call of
the Chairman.

Mr. Stanley Lanham, Vice President of the Los Angeles Transit Lines,
and Mr. Jesse Haugh, recent purchaser of the motor coach lines of the
Pacific Electric Railway Company, entered and were introduced to the
members of the Authority and to others present. It was agreed that each
of them should speak for himself, expressing his ideas on the subject of
the proposed amendments to the Transit Authority Act known as Assembly
Bill No. 2311.

A summary of the recommendations by Mr. Lanham is given below.

Mr. Lanham began by stating that when the original proposal was made
to the Legislature two years ago for the Metropolitan Transit Authority
Act, certain phases of it, he felt, were desirable and other phases he
felt, after discussion with Mr. Merritt, were not really essential to
the objectives the Authority then had. He said he feels these amend-
ments have some of the same characteristics. He said that originally
the Authority was interested primarily in rapid transit, according to
their understanding, and in one form of transit - the monorail - and
the bill was to cover this and nothing else. However, he stated they
understand we now want to establish something that will in effect be in
competition with private enterprise. Originally, they understood it
was something different and in addition to services provided by private

enterprise, and was finally contained in the bill stating that the purpose was to supplement existing private operations. They had no objection to that.

He claimed that the bill as it would be amended by A.B. 2311 would take the Authority out of the rapid transit classification and put it in the position of a local transit operator, and in effect that alone. He said he did not believe that that was our intention. Mr. Lanham added that they couldn't be sure that our Board would stay of the same opinion. He said his view and feeling are that when we review this in the light of our objectives -- to set up something over and beyond what the private carrier can do -- then we will feel that some revision is necessary. He added that he felt we would not want to put on the statute books something that later on would put some Board in a position to hurt private enterprise. Mr. Lanham thinks there will be an opportunity for expansion of routes to those in operation. He said that Mr. Haugh would be able to do some good with his new bus service from the Valley. He admitted that some rapid transit could have been justified, but that was before the freeway plan had reached the place it now has. He added that conditions have changed and since the freeways are coming on, more people will be inclined to use the service by the establishment of motor coach express service on the freeways.

He stated that the population density of Los Angeles is 4,500 to the square mile; that the highest population density is in the area from Sunset to Pico and from Figueroa to Hoover, but that as the population growth moves to the west, by 1957 the two areas will be equal in population. In Cleveland, the population average density is 14,000 per square mile, while other cities range generally from about 16,000 to

around 27,000. He said that in Los Angeles, instead of the population being grouped in a small territory, it is being spread over a large area and that the population density will probably be 8,000 (maybe 9000) to the square mile, according to predictions.

Mr. Lanham said he felt now, as he did two years ago, that if a mono-rail system were constructed down the Los Angeles River, insofar as the Los Angeles Transit Lines were concerned, it would be a good thing.

In reply to the question if a rapid transit route should be supported, Mr. Lanham said it should be supported only if the proper kind of study shows that it is better adapted to the purpose, both economically and physically, than some other means of accomplishing it. He does not think that in the area within ten miles of Seventh and Broadway anybody could say there isn't good transportation service. The bus as a means of transportation has improved greatly so that it costs less per mile than the street car to operate, and it now has a greater capacity than the street car. That much of a change has transpired in the last 15 years.

Mr. Pollard asked Mr. Lanham how long it would be before the freeways will be completed so that they can compete with mass rapid transit. Mr. Lanham replied that transportation service in the west end of town on part of the freeway to the south -- at least to Slauson -- would be in effect within two to three years. They anticipate the freeway will be completed so that they can put on one of the services, at least to Adams, inside of twelve months. When the freeways are completed they will take care of the southwest part of the city. The freeway from Long Beach will not be completed in less than five years; the Hollywood Freeway will, in twelve to fifteen months, be able to take care of a

large part of the traffic.

Mr. McClellan said the Authority is engaged in making a study to find out if we need rapid transit; that the Authority is interested in finding out if supplementary service is required-- it doesn't want to compete with private enterprise. He said that we want the Legislature to give us proper authority to do what is needed and added that if there is any hope for agreement it is up to Messrs. Lanham and Haugh to tell us specifically what they expect of us.

Mr. Lanham stated that they do not want to be dog-in-the-manger about the Authority, but on the other hand they don't want to be put in a position of a tax-paying agency to support competitive service which they might well provide.

In reply to Mr. McClellan's suggestion that he tell the Authority specifically what they expect, Mr. Lanham said that first, they do not care particularly whether the Authority is subject to the Commission in the matter of financing-- that they will not quibble about that. However, they do feel that there should be, with respect to such an agency, some jurisdiction as to where the Authority can put routes and cannot put them; that the Authority should go before the Commission and outline any proposed route and let it be subject to public hearing. In other words, the Authority should be subject to the jurisdiction with respect to requirements which are normally classed under the necessity of securing public certificates of convenience and necessity.

The second point Mr. Lanham dealt with was in regard to local franchises or permits. He stated that because of the make-up of the law in this state, the Authority should be willing to secure such permits as are required from the political subdivisions. Under the Transit Bill

as it is now drawn up, it is true, but if amendments are put into effect this would not be true. Interurban mass rapid transit bill should be so drawn up that that remains the intention. He said there should be a revision of the definition of rapid transit so as to exclude these things; make it an interurban rapid transit authority. The private lines should state if they are willing to give cooperation as feeders; if they are, they should remain a part of the private enterprise system. If they say they will not do it, then the Authority should be able to provide that service. In that way the Authority is in no hazard of not getting the service required.

Mr. Jesse Haugh then presented his arguments against the amendments as proposed by the Authority. He stated that the Pacific Electric Railway is the type of service with which rapid transit would be more competitive than the local service. He said he was quite apprehensive about the amendments as they now stand because they give the Authority free hand to put routes anywhere without restriction. He said there was no control over the Authority except the State Legislature-- no control by any local or State authority except the Legislature.

Regarding freedom from taxes, he views this with great alarm as no private enterprise could compete under these circumstances. He thinks there is every justification for a study to be made of the entire transportation facility in the whole area considered together. Study of transit within an area cannot provide for existence of private transit if there is a section of transit that is governmental; then private transit cannot exist. He said, just assume that a rapid transit line is built from San Fernando to Long Beach. That line would then compete with the Pacific Electric. The revenues of the Pacific Electric on that

route are about four million dollars a year. This includes local which would not be handled by rapid transit and is about half that much. This leaves available to rapid transit and surface interurban lines about two million dollars a year. For rapid transit to exist would require revenue of about fifty million dollars a year, which, after taxes, would bring it down to thirty or thirty-five million a year. Such a line would have to have feeder service; necessarily it would have to be surface feeder service. If a rapid transit line were built, the rates would have to be increased 20% to 40% and probably 20% to 30% in all rates of the Los Angeles Transit.

Mr. Haugh said that the Pacific Electric could only exist through fares paid by riders. Those rates are fixed by State law, and if restricted, the company could not operate. He stated that this requires a study of the whole operation, and added that he did not buy the Pacific Electric to sell, but to operate.

Mr. Haugh said further that the freeway is a new situation that comes into the picture and must be taken into consideration. The Hollywood Freeway will soon be completed and he understands the River Freeway will be completed by the end of 1956. When the River Freeway is completed they can make very short time to Los Angeles, provided they are not driven out of business before then. He thought the first thing to do is to make the study; having made the study, then develop what is in the public interest. He said we may find it in the public interest to build certain rapid transit lines and lease them to private lines to follow through and take care of. On the other hand, he said we may find it in the public interest to take over the whole thing. He added that he hasn't the answer to that yet after 45 years.

When you do create a governmental authority, Mr. Haugh said, taking money off the tax rolls, somebody has to pay-- probably the citizens-- thus taking away from private enterprise. He said that Chicago had elevated coach lines, that they decided to go into a Transit Authority, both the surface lines and elevated. That Authority has complete control over rates and has as high rates as any line in the nation. They are a complete separate entity, do not report to any agency, and have taken over everything.

Mr. Haugh repeated that he thought what we should do is to have a study made of the whole situation. He said he doesn't see how he could not oppose the bill, particularly that portion which gives the Authority freedom from control of routes. He said he simply could not exist under those conditions, that if he doesn't oppose the bill he will be signing his own death warrant. He added he thinks the Authority should not be tax free- that it is not right.

On the matter of taking profits by competition without compensation, Mr. Haugh said that to take the revenue of a property in competition, which would destroy the value of that property, should be compensated, if the Authority does put in a competing route.

Following Mr. Haugh's talk, he and Mr. Lanham were excused at their request and the regular meeting was called to order by the Chairman at 4 p.m.

Some discussion was had as to the statements made by the representatives of the transit companies. The General Manager said that the two bills, A.B. 2311 and A.B. 2782, would be heard in committee meetings in Sacramento on May 13 and that he would attempt to have the two

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bills passed, including the amendments as adopted previously by the Authority.

It was suggested by the Chairman that a special meeting be called for Friday, May 8. It was therefore moved by Mr. Whaley, seconded by Mr. Brunmark, that the meeting be adjourned to meet in special session on Friday, May 8, 1953, at the offices of the Authority, 2233 Beverly Boulevard, at 2:30 p.m. On roll call the motion carried, five members voting aye; noes, none. Meeting was adjourned at 4:45 p.m.


Secretary.