

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Minutes of Special Meeting of
the Board of Directors of the District

January 24, 1977

Upon notice duly given, the Board of Directors of the Southern California Rapid Transit District met at a special meeting in the District Board Room, 425 South Main Street, Los Angeles, California, at 2:05 p. m. on January 24, 1977, at which time President Byron E. Cook called the meeting to order.

Directors present:

George W. Brewster (2:20 p. m.)
Byron E. Cook
Marvin L. Holen
Gerald B. Leonard
Mike Lewis

Thomas G. Neusom (3:42 p. m.)
Jay B. Price
Ruth E. Richter
Charles H. Storing
George Takei

Director absent:

Donald Gibbs

Staff present:

Jack Stubbs, General Manager Pro Tempore
George W. Heinle, Manager of Operations
Richard T. Powers, General Counsel
Joe B. Scatchard, Controller-Treasurer-Auditor
Richard Gallagher, Manager of Rapid Transit
R. K. Kissick, Secretary

Also present were members of the public and the news media.

Consideration of Finance Committee's Recommendations on the District's
Future Funding Sources

The Board reviewed the recommendations of the Finance Committee which were made following a meeting of the Committee on January 21, at

) which meeting the Committee had reviewed the report of Director Lewis dated January 18, 1977 and entitled "SCRTD Funding Analysis and Recommendation Draft Report by Director Lewis." Director Holen, Chairman of the Finance Committee, reviewed the recommendations which were presented in three categories "Short Term", "Long Term" and "General." ✓

Director Lewis reported that he was setting up a meeting of the Finance Committee and an appropriate SCAG committee regarding the recommendations having to do with SCAG.

(Director Brewster entered at 2:20 p. m.)

In response to an inquiry of Director Price about how cities are being informed of upcoming cuts in service, President Cook reported on his letter to all of the cities and agencies and inviting their comments on methods of reducing costs. Mr. Stubbs reported it was too early for responses from the cities, but the Community Relations staff has been contacting the cities regarding upcoming economies. He further reported that the service economies in the approximate amount of \$7.5 million annualized between now and June 30 are under way to posture the District for the coming fiscal year.

There was a discussion of a meeting with the Board of Supervisors regarding the District's request for \$10 million from the County during Fiscal Year 1978. President Cook suggested that each Supervisor appointee on the Board discuss the matter with his Supervisor and report back to the Finance Committee the results of those discussions.

Resolution
No. assigned

Director Holen explained the reasons for the recommendations being broken down to short term and long term.

On motion of Director Takei, seconded and carried as noted below, the Finance Committee's short term recommendations were approved, and the following resolution adopted:

R-77-24

RESOLVED, that the following short term funding recommendations of the Finance Committee be and the same are hereby adopted, with authorization to also contact the Los Angeles County Transportation Commission and other appropriate agencies for assistance, in addition to the Southern California Association of Governments (SCAG):

- a. The District seek the approximate \$6.4 million of SB 325 funds now available, but as yet unallocated by SCAG;
- b. The District seek approximately \$4.0 million of the \$15.3 million of Section 5 UMTA funds allocated by SCAG, but not as yet approved by UMTA, with the District claim to be based on a change from the current two-stage urbanized area population/density formula to a straight urbanized area mileage formula;
- c. The District seek approximately \$3.6 million of Section 5 UMTA funds brought forward as unallocated reserves and carry-over money from 1975 and 1976, and an additional \$2.0 million of Section 5 UMTA funds not yet applied for in the 1977 Fiscal Year, for a total of \$5.6 million of Section 5 unallocated funds; and
- d. The District request the County of Los Angeles to provide \$10.0 million of financial assistance to be used as local matching funds for the purchase of capital equipment, which would include \$4.4 million applicable to the budgeted funds for the District's 1977-1978 Fiscal Year.

Resolution
No. assigned

Ayes: Brewster, Cook, Holen, Leonard, Lewis
Price, Richter, Storing, Takei
Noes: None
Abstain: None
Absent: Gibbs, Neusom

Director Holen emphasized that the short term proposals would take care of the next fiscal year only and were not long term, which was the reason for the long term recommendations being presented separately.

Director Holen reviewed the long term recommendations of the Committee and reported that Items 1 and 2 (increase in motor vehicle in lieu tax and proposed legislation imposing a motor vehicle fuel tax for transit purposes) were proposed for Los Angeles County only.

Director Price suggested that Chuck Olsen discuss with Senator Beverly the matter of sponsoring or being a co-author of legislation regarding the increase in the motor vehicle in lieu tax. Director Lewis suggested that the proposal might be for the in lieu tax to be used for transit and street and highway purposes with the funds to be allocated by the Los Angeles County Transportation Commission, and perhaps that might be an advantage in getting legislation passed.

There was a short discussion on the types of vehicles on which the in lieu tax should be imposed, with the consensus being that it should be on private non-commercial passenger vehicles.

Resolution
No. assigned

Director Holen explained the reasons why the Finance Committee had recommended the in lieu tax rather than other types contained in Mr. Lewis' report.

On motion of Director Brewster, seconded and carried as noted below, the following resolution was adopted with respect to recommendation No. 1 of the Finance Committee's long term proposals:

R-77-25

RESOLVED, that the District seek legislation to increase the motor vehicle in lieu tax from 2% to 3%, in Los Angeles County only, with the 1% increase devoted to transit purposes, and with said legislation proposed to be imposed on private non-commercial passenger vehicles only.

Ayes: Brewster, Cook, Holen, Leonard, Lewis,
Price, Richter, Takei
Noes: Storing
Abstain: None
Absent: Gibbs, Neusom

After discussion, on motion of Director Holen, seconded and carried as noted below, Items 2 through 5 on the Finance Committee's long term recommendations were approved and the following resolution adopted:

R-77-26

RESOLVED, that the following long term funding recommendations of the Finance Committee be and the same are hereby adopted:

- a. The District explore the feasibility of legislation imposing a motor vehicle fuel tax for transit purposes, in Los Angeles County only, with the form of such legislation to be determined after an in-depth study and report by the staff;

Resolution

No. assigned

R-77-26
(continued)

- b. The District consult with CalTrans regarding the feasibility of legislation changing the allocation formula of SB 325 funds;
- c. The District request the Southern California Association of Governments (SCAG) and the Los Angeles County Transportation Commission (LACTC) to establish a more accurate procedure for estimating SB 325 funds; and
- d. The District request SCAG and the LACTC to change the Section 5 UMTA allocation formula from the current two-stage urbanized area population/density formula to a straight urbanized area mileage formula.

Ayes: Brewster, Cook, Holen, Leonard, Lewis
Price, Richter, Storing, Takei
Noes: None
Abstain: None
Absent: Gibbs, Neusom

On motion of Director Holen, seconded and carried as noted below, the "General" recommendations of the Finance Committee regarding District future funding were approved and the following resolution adopted:

R-77-27

RESOLVED, that the Finance Committee funding report (Director Lewis report dated January 18, 1977) is received and filed, and the recommendations of the Finance Committee regarding future funding for the District, as contained in Resolution Nos. R-77-24, R-77-25 and R-77-26 adopted January 24, 1977, are hereby adopted, and the Finance Committee is authorized to implement the recommendations contained in the aforementioned resolutions and file periodic progress reports with this Board of Directors.

Ayes: Brewster, Cook, Holen, Leonard, Lewis
Price, Richter, Takei
Noes: Storing
Abstain: None
Absent: Gibbs, Neusom

Resolution
No. assigned

(Director Neusom entered the meeting at 3:42 p. m.)

Report on Meeting Regarding CETA Funding Program

Director Neusom reported that he had just returned from a meeting with Department of Labor representatives regarding the problems the District is facing under the Comprehensive Employment Training Act (CETA) program by reason of anticipated layoffs of District operators. He was accompanied by staff members Lewis and de la Cruz. He stated that the San Francisco office could not interpret the CETA legislation to grant the District a variance, but it was possible they might support the District's request at a meeting with Department of Labor officials in Washington.

Adoption of First Year of "Status Quo" Five-Year Plan - Agenda Item No. 2

Mr. Stubbs reported that the preliminary Draft Five-Year Plan had been transmitted to the Los Angeles County Transportation Commission and suggested that the Board might wish to consider adoption of a plan at this time.

Director Price moved adoption of the "Minimum Growth" plan, which motion was seconded by President Cook.

Mr. Scatchard reported that adoption of that plan anticipated a deficit of about \$24 million in Fiscal Year 1978 and if all funds

Resolution
No. assigned

under the short term proposals became available the deficit could be reduced to about \$4 million.

After discussion, Director Price amended his original motion to adopt the "Status Quo" plan, based upon the level of service as of June, 1977, which amendment was approved by President Cook, who had seconded the original motion.

The question was called for on the motion, as amended, carried as noted below, and the following resolution adopted:

R-77-28

RESOLVED, that the so-called "Status Quo" Five-Year Financial Plan, based upon the level of service being provided by the District as of June, 1977, a copy of which is attached to these Minutes as EXHIBIT 1, be and the same is hereby adopted;

RESOLVED FURTHER, that the aforementioned Plan be submitted to the Los Angeles County Transportation Commission and other appropriate agencies and public entities.

Ayes: Brewster, Cook, Holen, Leonard, Lewis
Neusom, Price, Richter, Storing, Takei
Noes: None
Abstain: None
Absent: Gibbs

Report on Application for Proposition 5 Funds

Director Neusom reported on submission of the application for Proposition 5 funds to conduct the studies for the Alternative "E" rapid transit plan. He stated the State Transportation Board has

Resolution
No. assigned

approved the plan but that there may be a problem of allocation of the funds in the future by the State Highway Commission.

Discussion of Change in Board Meeting Dates

Director Leonard reported that the new Los Angeles County Transportation Commission had adopted a resolution setting its meetings on the 2nd and 4th Wednesday, the same as the RTD Board, and perhaps the Board might want to request the Commission to change its meeting dates so as to not conflict with the RTD Board meetings.

After discussion, the Secretary was instructed to place on the January 31 Board agenda an item to consider meeting dates for the RTD Board.

Press Conference Regarding Airport Express Lines

Mr. Stubbs reported there would be a press conference regarding the Airport Express service held at the new Bonaventure Hotel on the morning of January 25 and invited Directors to attend and participate.

Director Holen reported on his recent experience when he used the Airport service from the Los Angeles Statler-Hilton with the bus being late and missing his flight.

Resolution
No. assigned

Report on P. U. C. Hearing Regarding Airport Service

Mr. Powers reported on the recent three-day hearing conducted by the California Public Utilities Commission regarding the applications of Gray Line and Airport Service to be granted certificates to provide the airport service. AirporTransit stated at the hearing that they have not abandoned service but simply terminated service as a result of bankruptcy and should retain the certificates, and that the Bankruptcy Court has ruled the PUC does not have authority to grant other certificates, since they are held by AirporTransit and are a part of their bankruptcy assets.

Mr. Powers further stated that the Gray Line presented a very poor case, while Airport Service put on an excellent presentation. He feels the District has a good case.

The meeting was adjourned at 4:17 p. m.


Secretary

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
 Five Year Financial Plan, June '77 Level of Service
 FY 1977 - FY 1982
 Thousands of Dollars

	This					
	Fiscal Year	FY 78	FY 79	FY 80	FY 81	FY 82
Funds Required -						
For bus operations	179,125	201,970	216,110	231,250	248,065	264,955
For bus capital equipment, facilities	10,000	38,100	33,400	39,000	43,400	44,000
For transit development plan	1,500	3,280	2,390	-	-	-
For debt service	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Total	<u>193,625</u>	<u>246,350</u>	<u>254,900</u>	<u>273,250</u>	<u>294,465</u>	<u>311,955</u>
Sources of Funds -						
From passenger revenue	63,690	80,790	86,445	92,500	99,225	105,980
From sales tax for operations	59,300	56,575	62,570	66,530	71,025	76,745
From sales tax for capital projects, debt service	5,460	11,650	10,430	11,580	12,550	12,680
From UMTA for operations	44,702	44,500	48,900	44,600	51,800	51,800
From UMTA for capital projects	8,040	29,720	26,050	30,420	33,850	34,320
From Cal Trans	350	1,245	715	-	-	-
From Los Angeles County	4,535	-	-	-	-	-
From other sources	<u>7,548</u>	<u>4,280</u>	<u>4,070</u>	<u>3,500</u>	<u>4,000</u>	<u>4,500</u>
Total	<u>193,625</u>	<u>228,760</u>	<u>239,180</u>	<u>249,130</u>	<u>272,450</u>	<u>286,025</u>
Requirements not covered	-	17,590	15,720	24,120	22,015	25,930
Buses purchased for expansion	-	-	-	-	-	-
Buses purchased as replacements	-	230	150	150	150	150
Buses in inventory	2,345	2,335	2,320	2,295	2,265	2,235
Personnel - average number	7,450	7,465	7,465	7,465	7,460	7,455

ASSUMPTIONS --

1. Operating costs will increase 7% per year with adjustments for driver savings on high capacity buses and for increased maintenance costs due to bus complexities.
2. Capital program costs will increase 8.5% per year.
3. Fare levels would be set to provide the indicated level of passenger revenue which in most cases equates to 40% of operating costs.
4. Sales tax revenue will increase 7% per year. The District will request that the 5% of available sales tax funds pursuant to SB 1687 which can be allocated for community transit services be allocated to the District to support its community services.
5. UMTA operating funds (Section 5) will be limited to those available under current legislation through FY 1980.