

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

May 4, 1973

Upon notice duly given, the Directors of the Southern California Rapid Transit District met at a Special Meeting in the District's Board Room, 1060 South Broadway, Los Angeles, California, at 2:00 p.m. on May 4, 1973, at which time Acting President Neusom called the meeting to order to consider the matter of failure to receive bids on the District's requirements for diesel fuel and other petroleum products under contracts which expire on May 31, 1973.

Directors Arthur Baldonado, A. J. Eyraud, Jr., Adelina Gregory, Herbert H. Krauch, Don C. McMillan and Thomas G. Neusom were present. Directors Byron E. Cook, Douglas A. Newcomb, Jay B. Price and Norman Topping were absent from the meeting.

Also present were General Manager Jack R. Gilstrap; Manager of Operations George W. Heinle; General Counsel Richard T. Powers; Assistant General Manager for Administration Jack T. Stubbs; Manager of Planning & Marketing George L. McDonald;

Controller-Treasurer-Auditor Joe B. Scatchard; Chief Engineer Richard Gallagher; Secretary Richard K. Kissick; television and newspaper representatives and the public.

Acting President Neusom opened the meeting with the following statement:

"This Special Meeting of the Board of Directors of the Southern California Rapid Transit District has been called to consider the matter of the failure to receive bids on the District's requirements for diesel fuel and other petroleum products under contracts which expire on May 31, 1973.

Since the curtailment of any transit services as a result of fuel shortages would be extremely detrimental to the users of RTD services provided throughout the four-county area served by the District, it is in the public interest that this Board of Directors act immediately in an effort to avert any curtailment of the essential public service being provided by the District.

I would now like to call on General Manager Gilstrap for his report on this very important matter."

General Manager Gilstrap presented his report dated May 4, 1973 to the Meeting, a copy of which is filed with the Secretary. Bid No. 5-7302 was opened at 2:00 p.m. on May 2, 1973 for gasoline and miscellaneous petroleum products. Thirteen responses were received with all suppliers declining to bid on gasoline and #350 thinner. Shell and Texaco did submit bids on the lubricants only. The District's annual gasoline requirements are estimated to be 193,000 gallons of high octane and 142,000 gallons of low lead. The #350 thinner requirements are estimated at 20,000 gallons annually.

Bid No. 5-7303 was opened at 10:00 a.m. on May 3, 1973 for No. 1 diesel fuel, with the estimated annual requirements being 14-1/2 million gallons. Eighteen major suppliers were invited to bid. Eleven bids were received and opened, each of which was NO BID.

The report then reviewed the problems being encountered locally and around the country by transit and public agencies in the matter of receiving bids for both gasoline and diesel fuel, some of which have been able to negotiate contracts at considerably increased prices.

A curtailment of the District's services because of our inability to obtain fuel would have an adverse effect on the communities within the four-county service area of the District. The energy crisis development means that we will no doubt face significant price increases if and when commitments to supply our petroleum products requirements are obtained, and significant increases will force the District to consider abandoning portions of the District's recently adopted service improvement program.

The report recommended that the General Manager be authorized to determine if the present suppliers will extend the contracts, and also requested authorization to negotiate with other diesel fuel and gasoline suppliers, along with any contracts negotiated to be brought back to the Board of Directors for consideration.

The report concluded by recommending adoption of a resolution directed to the District's Congressional Delegation and appropriate federal officials calling for an immediate national policy setting priorities for the allocation of fuel supplies to vital services such as public transportation.

Since there was a quorum of the Board present but not a two-thirds majority, General Counsel Powers was requested to rule what actions the Board could take under the Rules and Regulations. General Counsel Powers stated that it required a two-thirds vote of the Board to authorize the General Manager to negotiate and enter into contracts after bid rejections or, in this case, no bids received. However, in the present circumstances the Board could authorize the General Manager to negotiate with suppliers and bring the results back to the Board for consideration.

After discussion, on motion of Director Eyraud, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-73-132

WHEREAS, under Resolution No. R-73-88 adopted April 3, 1973 the Purchasing Agent was authorized to call for bids covering the District's petroleum products requirements for a one-year period commencing June 1, 1973, at an estimated cost of \$2,130,000; and

WHEREAS, on April 3, 1973 the Purchasing Agent issued invitations to bid (Bid No. 5-7302) to eighteen suppliers covering the District's requirements for gasoline, lubricants and multi-chassis wheel bearing grease; and on April 4, 1973 issued invitations to bid (Bid No. 5-7303) to eighteen suppliers covering

the District's diesel fuel requirements; and caused to be published in the Los Angeles Herald-Examiner notice of the issuance of the aforementioned bids; and

WHEREAS, on May 2, 1973 thirteen responses to Bid No. 5-7302 were opened with no bids submitted for the supplying of gasoline or #350 thinner, and on May 3, 1973 eleven responses to Bid No. 5-7303 were opened with no bids submitted for the supplying of diesel fuel; and

WHEREAS, this Board of Directors considered and concurred in the General Manager's report dated May 4, 1973 recommending that he be authorized to negotiate with present suppliers to extend present contracts, and also that he be authorized to negotiate with other diesel fuel and gasoline suppliers, with any contracts negotiated to be brought back to the Board of Directors for consideration;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager be and he hereby is authorized to negotiate with present and potential suppliers for the supplying of the District's diesel fuel and gasoline requirements, with any contracts negotiated to be brought back to the Board of Directors for consideration.

General Manager Gilstrap was asked that with the problems being encountered by the City and County of Los Angeles do we feel we can make any headway with the oil companies on the part of RTD, and Mr. Gilstrap replied that he felt we could make progress and can solve the problem.

The matter of adoption of the draft resolution calling for an immediate national policy setting priorities for the allocation of fuel supplies to vital services such as public transportation was then discussed. It was suggested that the

President of the United States and the Department of Transportation be included as recipients of the resolution. With this amendment, on motion of Director Krauch, seconded and unanimously carried, the resolution was adopted.

Mrs. Laura Ingman of South Pasadena, representing the Coalition for Instant Transit, appeared before the Board and stated in South Pasadena there is a problem; that fuel can be obtained but at twice the present cost. She stated that the tax paying public and bus riders should be protected by keeping fuel prices down within reason.

The matter of amending the aforementioned resolution to include a clause that petroleum products be placed under price controls was discussed. After further discussion, on motion of Director Krauch, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-73-133

WHEREAS, more than 193 million people annually depend on the services of the Southern California Rapid Transit District for meeting their transportation needs; and

WHEREAS, greater use of public transportation has been encouraged in view of the need for reducing air pollution and improving the environment; and

WHEREAS, in the Los Angeles area nearly fifteen percent (15%) of the households have no automobile, requiring more than one million people to depend on public transportation - at one time or another - as their sole means of mobility; and

WHEREAS, it has become clear that Los Angeles and other areas of the nation will be affected by the impending energy crisis; and

WHEREAS, without the assurance of a diesel fuel supply to meet the District's need for 14-1/2 million gallons annually to keep 1,600 buses on the move along 2,850 miles of route in Los Angeles, Orange, Riverside and San Bernardino Counties, a serious crisis would result; and


WHEREAS, such a crisis would compound the already congested freeways and streets of the community;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Southern California Rapid Transit District declares it imperative that a steady supply of diesel fuel be assured for the vital public services rendered by the public agency;

RESOLVED FURTHER, that the President of the United States, Department of Transportation, members of the Los Angeles County Delegation in the United States House of Representatives and the two United States Senators representing the State of California, along with officials of the Office of Emergency Preparedness, the Environmental Protection Agency and other involved agencies, be urged to enact legislation requiring public transit agencies to be given first priority in the allocation of petroleum products so that the public can be assured of uninterrupted public transportation services, and further urging that petroleum products be placed under price controls.

Acting President Neusom inquired if there was anyone else in the audience who desired to appear before the Board and speak on the subject at hand. There being none, he invited a motion for adjournment.

On motion duly made, seconded and unanimously carried, the Meeting was adjourned at 2:40 p.m.


Secretary