

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Minutes of Regular Meeting of
the Board of Directors of the District

December 1, 1965

Upon notice duly given, the Directors of the Southern California Rapid Transit District met at a regular meeting in the District Board Room, 1060 South Broadway, Los Angeles, California, at 9:30 a.m. on December 1, 1965, at which time President Harry A. Faull called the meeting to order.

Directors Howard P. Allen, Kermit M. Bill, Allan F. Dally, Jr., Harry A. Faull, Gordon R. Hahn, Leonard Horwin, Herbert H. Krauch, Don C. McMillan and Douglas A. Newcomb were present. Directors Mark Boyar and Norman Topping were absent.

Also present were Acting General Manager Cone T. Bass; Assistant General Manager Jack R. Gilstrap; General Counsel Milton McKay; Treasurer and Auditor H. L. Black; Fiscal Consultant Walter J. Braunschweiger; Chief Engineer Ernest R. Gerlach; Director of Public Information John D. Kemp; Secretary Virginia L. Rees; and the public.

Approval of Minutes

The Minutes of the Regular Meeting held November 17, 1965 were approved.

Certificate of Merit

Director McMillan presented the District's Certificate of Merit to Paul J. Biggs, Operator-of-the-Month for November, 1965, in recognition of the outstanding courtesy displayed by Mr. Biggs toward his passengers and the public.

Approval of 1966 Annual Budget

After discussion, upon motion duly made, seconded and unanimously carried, the following resolution was adopted:

WHEREAS, the District held a Budget Hearing on December 1, 1965 at which the District's 1966 Annual Budget was presented and discussed; and

WHEREAS, the District now desires to adopt its 1966 Annual Budget;

NOW, THEREFORE, BE IT RESOLVED, that the Annual Budget of the District for the calendar year 1966, attached to these Minutes as Exhibit 1, be and the same is hereby adopted.

Temporary Route Diversions

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the temporary route diversions affecting Lines 37 and 102, as described in report dated November 24, 1965 filed with the Secretary, be and the same are hereby ratified and approved.

Changes of Bus Stop Zones

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the report dated November 23, 1965 relating to bus stop changes, filed with the Secretary, be and the same is hereby ratified and approved.

Report of Purchasing Committee

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Report of the Purchasing Committee for the period of November 17, 1965 through November 30, 1965, as discussed at this meeting and attached to these minutes as Exhibit 2, be and the same is hereby ratified and approved, and the appropriate payments are hereby authorized.

Report of Purchasing Agent - Statement of Material and Supplies Account

The Acting General Manager reported that, pursuant to Section 8.6 E of the Rules and Regulations, the Purchasing Agent had submitted Statement of Material and Supplies Account for the month of October, 1965, a copy of which report is on file with the Secretary.

Changes in Route Description - Line No. 5 and Freeway Flyers on Line Nos. 5, 7 and 37

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Manager of Operations be and he hereby is authorized to make those changes in route on Line No. 5 and in the Freeway Flyer service on Line Nos. 5, 7 and 37, as described in report dated November 19, 1965 filed with the Secretary, effective as of December 2, 1965; subject to the prior approval of the Consulting Engineer;

RESOLVED FURTHER, that the Manager of Operations be and he hereby is authorized to make appropriate revisions in the Official Route Authorizations of the District as adopted November 5, 1964 to reflect the above changes in route descriptions.

Establishment of Alternate School Route - Line No. 81

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Manager of Operations be and he hereby is authorized to make certain minor revisions in the alternate School Route on Line No. 81, as described in report dated November 19, 1965 filed with the Secretary, effective as of January 3, 1966; subject to the prior approval of the Consulting Engineer;

RESOLVED FURTHER, that the Manager of Operations be and he hereby is authorized to make appropriate revisions in the Official Route Authorizations of the District as adopted November 5, 1964 to reflect the above changes in route description.

Changes in Route Description - Race Tracks Line No. 57

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Manager of Operations be and he hereby is authorized to make those changes in route on Race Tracks Line No. 57, as described in report dated November 22, 1965 filed with the Secretary, effective as of December 26, 1965; subject to the prior approval of the Consulting Engineer;

RESOLVED FURTHER, that the Manager of Operations be and he hereby is authorized to make appropriate revisions in the Official Route Authorizations of the District as adopted November 5, 1964 to reflect the above changes in route description.

Approval of Simplified Line Fare Structures - Race Track
Line No. 57 - Hollywood to Santa Anita

After discussion, upon motion duly made, seconded and unanimately carried, the following resolution was adopted:

WHEREAS, the District's Race Track Line No. 57 - Hollywood to Santa Anita operates as a special service during the Santa Anita racing meets only; and

WHEREAS, the Manager of Operations recommends that the fares on Race Track Line No. 57 - Hollywood to Santa Anita be simplified in order to eliminate the odd denomination fares, as described in report dated November 24, 1965 presented to this meeting and filed with the Secretary, and thereby speed up the loading of passengers and the service generally; and

WHEREAS, it is determined that said simplification of fares on Line No. 57 will expedite service and prove convenient for passengers, and have no adverse effect on the District revenues;

NOW, THEREFORE, BE IT RESOLVED, that the Manager of Operations be and he hereby is authorized to make appropriate revisions in the Southern California Rapid Transit District Interurban Passenger Tariff No. 9, as adopted November 5, 1964, to reflect the revision in fares on Race Track Line No. 57 - Hollywood to Santa Anita, as described in said report dated November 24, 1965, effective as of December 26, 1965; subject to the prior approval of the Consulting Engineer.

Changes in Route Description - Extension of Line No. 3

After discussion, upon motion duly made, seconded and unanimately carried, it was

RESOLVED, that the Manager of Operations be and he hereby is authorized to extend the route of Line No. 3 from 58th Street and Central Avenue to 85th Street and Central Avenue, as described in report dated November 26, 1965 filed with the Secretary, effective as of December 13, 1965; subject to the prior approval of the Consulting Engineer;

RESOLVED FURTHER, that the Manager of Operations be and he hereby is authorized to make appropriate revisions in the Official Route Authorizations of the District as adopted November 5, 1964 to reflect the above described change in route description;

RESOLVED FURTHER, that the Manager of Operations be and he hereby is authorized to make the necessary revisions in the District's Local Passenger Tariff No. 10 to provide for appropriate fares over the extended route, as described in said report dated November 26, 1965.

Agenda Item No. 13 - Consideration Thereof Continued to December 15, 1965 Regular Meeting

After discussion, upon motion of Director Allen, seconded and unanimously carried, the matter of consideration of Agenda Item No. 13, entitled:

"Consider approval of reply to August 5, 1965 letter from the Department of Highways commenting on the freeways to be partly financed with Federal aid highway funds as they relate to the District's transportation plans, as required by Section 134, Chapter I of Title 23 -- Highways, United States Code,"

was referred back to the Acting General Manager and Staff for further review and recommendation to the Board at its next meeting scheduled for December 15, 1965.

Approval of Application for a Loan under Public Law 560, 83rd Congress of the United States, as Amended, Covering Preliminary Engineering for Initial Four Routes of District's Rapid Transit Master Plan

Chief Engineer Gerlach outlined in detail the District's proposed "Application For Advance For Public Works Planning," under Public Law 560, 83rd Congress, as amended, to the Housing

and Home Finance Agency of the United States. A copy of Mr. Gerlach's report dated November 12, 1965 is filed with the Secretary.

After a full discussion, upon motion of Director McMillan, seconded and unanimously carried, the following resolution authorizing the filing of application with the United States of America for an advance to provide for the planning of public works under the terms of Public Law 560, was adopted, subject, however, to approval by the General Counsel of the application as to form:

WHEREAS, Southern California Rapid Transit District (herein called the "Applicant") after thorough consideration of the various aspects of the problem and study of available data has hereby determined that the construction of certain public works, generally described as Mass Rapid Transit System - Phase I, is desirable and in the public interest and to that end it is necessary that action preliminary to the construction of said works be taken immediately; and

WHEREAS, under the terms of Public Law 560, 83rd Congress, as amended, the United States of America has authorized the making of advances to public bodies to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications or other action preliminary to and in preparation for the construction of public works; and

WHEREAS, the applicant has examined and duly considered such act and the applicant considers it to be in the public interest and to its benefit to file an application under said act and to authorize other action in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors, the governing body of said applicant, as follows:

1. That the construction of said public works is essential to and is to the best interests of the applicant, and to the end that such public works may be provided as promptly as practicable it is desirable that action preliminary to the construction thereof be undertaken immediately;
2. That the Acting General Manager be hereby authorized to file in behalf of the applicant an application (in form required by the United States and in conformity with said act) for an advance to be made by the United States to the applicant to aid in defraying the cost of plan preparation for the above described public works, which shall consist generally of preliminary engineering, route location surveys and estimates of cost;
3. That if such advance be made, the applicant shall provide or make necessary arrangements to provide such funds, in addition to the advance, as may be required to defray the cost of the plan preparation of such public works;
4. The said Acting General Manager is hereby authorized to furnish such information and take such action as may be necessary to enable the applicant to qualify for the advance;
5. That the officer designated in the preceding paragraph is hereby designated as the authorized representative of the applicant for the purpose of furnishing to the United States such information, data, and documents pertaining to the application for an advance as may be required; and otherwise to act as the authorized representative of the applicant in connection with this application.
6. That certified copies of this resolution be included as part of the application for an advance to be submitted to the United States.

annual gross payroll, with annual adjustments of premium to rate times actual gross payroll, or an estimated annual premium of \$41,250.00; and

WHEREAS, the State Compensation Insurance Fund under Policy No. XS 712-64 provided the District with such excess coverage insurance effective as of 12:01 a.m., November 5, 1964, at the same annual premium rate payable as set forth above; and

WHEREAS, the State Compensation Insurance Fund has again offered to provide the District with such excess coverage insurance effective as of 12:01 a.m., November 5, 1965 at the annual premium rate of \$0.1269 per \$100.00 of the gross payroll, payable annually in advance on the basis of rate times the projected annual gross payroll, with annual adjustments of premium to rate times actual gross payroll, or an estimated annual premium of \$34,590.00;

NOW, THEREFORE, BE IT RESOLVED, that the offer of the State Compensation Insurance Fund to provide the District with such excess coverage insurance effective as of 12:01 a.m., November 5, 1965, at the annual premium rate of \$34,590.00 be and it hereby is accepted;

RESOLVED FURTHER, that the Treasurer or the Assistant Treasurer be and he hereby is authorized to pay to the State Compensation Insurance Fund the estimated annual premium of \$34,590.00 for the period of November 5, 1965 to November 5, 1966.

Report on Current Status of Planning - Proposed Line from
Downtown Los Angeles to Airport

Chief Engineer Gerlach presented report dated November 26, 1965 and entitled "Report on Current Status of Planning - Line from Airport to Downtown Los Angeles - Possible Use to Provide Transit Service to South Bay Corridor," a copy of which is attached to these Minutes as Exhibit 3.

After a full discussion, on motion duly made, seconded and unanimously carried, the Report was ordered received and filed.

Appointment of Jack R. Gilstrap as Assistant General Manager

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that Jack R. Gilstrap be and he hereby is appointed to the management group position of Assistant General Manager at an annual salary of \$18,500.00, effective as of December 1, 1965, with the duties and responsibilities prescribed by the Board of Directors in its resolution adopted November 17, 1965.

Operations and Budget Committee

After discussion, upon motion duly made, seconded and unanimously carried, the Operations and Budget Committee was directed to commence exploring the ways and means of preparing a balanced District Budget for the year 1967.

McCone Commission Inquiry Re Bus Service in Watts Area

After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the delivery by Director Allen to the McCone Commission of report prepared by the Office of Chief Engineer under date of November 23, 1965, entitled "Southern California Rapid Transit District - Response to McCone Commission Inquiry Re Bus Service in Watts Area," a copy of which is attached to these Minutes as Exhibit 4, be and hereby is approved and confirmed.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
 PROPOSED BUDGET FOR CALENDAR YEAR 1966

	Total	January	February	March	April	May	June
	28,085,000	2,321,000	2,129,000	2,398,000	2,252,500	2,359,000	2,351,500
	2,194,000	186,500	180,000	190,000	185,000	186,500	187,000
	2,618,000	220,000	206,500	228,500	217,000	218,500	222,000
	3,434,000	323,500	323,000	323,000	323,000	321,000	309,000
nce	2,654,000	222,000	208,500	229,000	219,000	221,500	222,500
	(980,000)	(81,500)	(81,500)	(82,000)	(81,500)	(81,500)	(82,000)
S	38,005,000	3,191,500	2,965,500	3,286,500	3,115,000	3,225,000	3,210,000
se reserve	<u>4,800,000</u>						
n Fund t)	42,805,000						
FUNDS:							
	1,944,000	166,500	166,500	161,000	161,000	161,000	161,000
	1,191,500	96,000	95,500	100,000	100,000	100,000	100,000
IATION RESERVE FUND	<u>3,577,500</u>	<u>300,500</u>	<u>280,500</u>	<u>308,500</u>	<u>293,500</u>	<u>303,000</u>	<u>302,000</u>
	49,518,000						
S FUND RESERVE	<u>4,800,000</u>						
RED	<u>44,718,000</u>						

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
 PROPOSED BUDGET FOR CALENDAR YEAR 1966

	July	August	September	October	November	December
S:	2,322,000	2,426,500	2,336,500	2,291,000	2,397,000	2,501,000
	146,000	189,500	185,000	187,000	184,500	187,000
	214,000	222,000	215,000	220,000	216,500	218,000
	293,500	270,500	260,000	221,500	203,000	263,000
ance	220,000	227,500	219,000	223,000	218,500	223,500
	(81,500)	(81,500)	(82,000)	(81,500)	(81,500)	(82,000)
ses	3,114,000	3,254,500	3,133,500	3,061,000	3,138,000	3,310,500
ense reserve						
ion Fund						
unt)	161,500	161,000	161,000	161,000	161,000	161,500
	100,000	100,000	100,000	100,000	100,000	100,000
CE FUNDS:	293,500	305,500	295,000	289,000	295,500	311,000
ECIATION RESERVE FUND						

General Accounting
 November 19, 1965

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

CASH BUDGET

CALENDAR YEAR 1966

<u>Fund</u>	Estimated Balance 12-31-65	Estimated Additions During 1966	Estimated Withdrawals During 1966	Estimated Balance 12-31-66
Revenue Fund		\$44,718,000	\$44,718,000	
Distribution of Revenue Fund:				
Operation Fund	\$ 4,800,000	\$38,005,000	\$38,005,000	\$ 4,800,000
Interest Fund	665,500	1,944,000	1,965,000	644,500
Bond Retirement Fund	958,500	1,191,500	1,150,000	1,000,000
Bond Reserve Fund	3,187,500	-	-	3,187,500
Depreciation Reserve Fund	4,890,000	3,577,500	7,814,000	653,500
General Fund	1,380,000	-	350,000	1,030,000
	<u>\$15,881,500</u>	<u>\$44,718,000</u>	<u>\$49,284,000</u>	<u>\$11,315,500</u>

Notes: Estimated balance December 31, 1965 includes holdings of U. S. Government securities.

Estimated additions during 1966 to the Depreciation Reserve Fund do not include estimates for:

- (1) Receipts from sale of equipment (1965 to date \$333,000).
- (2) Transfer from the Reserve Fund of the Equipment Trust Series A and B approximately \$275,000.
- (3) Transfer from the Replacement Fund Series A of the Equipment Trust approximately \$139,000.

General Accounting
November 19, 1965

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
 BUDGET OF EXPENDITURES FROM DEPRECIATION RESERVE FUND
 CALENDAR YEAR 1966

Undisbursed in 1965, resubmitted:

Coaches, automotive and shop equipment:	
55 36-passenger coaches	\$1,270,000
Rebuild 55 GMC diesel coaches	195,000
Purchase and install 80 axle housings	50,000
Cast iron brake shoes for 65 coaches	10,000
Land, buildings and facilities by location:	
Division 6	27,000
Division 8	21,000
Division 12	365,000
South Park shops	45,000
Location 17	<u>397,000</u>
	<u>\$2,380,000</u>

Proposed for 1966:

Buildings and facilities by location:	
Division 2	\$ 16,500
Division 6	5,500
Division 8	17,000
Location 17	97,000
100 50-passenger coaches	3,000,000
Equipment Trust Obligations	1,594,500
Automobiles and trucks	59,000
Modifications to transmissions of 780 coaches	180,000
Rebuild 500 fare boxes	55,000
Reinforce frame members on 240 coaches	56,000
Air cooled alternators 100 coaches	37,500
Miscellaneous	66,000
Contingencies	<u>250,000</u>
	<u>\$5,434,000</u>
 TOTAL	 \$7,814,000

General Accounting
 November 19, 1965

REPORT OF PURCHASING COMMITTEE
 FOR PERIOD OF
 NOVEMBER 17, 1965 THROUGH NOVEMBER 30, 1965
 TO DIRECTORS OF
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

APPROVED THE FOLLOWING:

A. REQUISITIONS OVER \$100, BUT LESS THAN \$1,000:

<u>NO.</u>	<u>VENDOR</u>	<u>COVERING</u>	<u>AMOUNT</u>	<u>A.F.E. NO.</u>
GC-22	MATTHEW BENDER & CO.	CALIFORNIA FORMS OF PLEADING AND PRACTICE (15 VOLS.)	\$ 271.00	
PM-871	KILBURY MFG. CO.	1 - MODEL 14 HV DOWNFLOW HEATER (NATURAL GAS)	181.80	242A
3309-2	GOODALL RUBBER	15 - RAINCOATS (VARIOUS SIZES) 15 - RAIN HATS (VARIOUS SIZES)	177.84	

B. VARIOUS REQUISITIONS FOR EQUIPMENT, MATERIALS, SERVICES, ETC., THE APPROPRIATIONS FOR WHICH
 HAVE PREVIOUSLY BEEN APPROVED BY THE MTA MEMBERS.

541001

REPORT ON CURRENT STATUS OF PLANNING -
LINE FROM AIRPORT TO DOWNTOWN LOS ANGELES -
POSSIBLE USE TO PROVIDE TRANSIT SERVICE TO SOUTH BAY CORRIDOR

No single transportation problem has caused more general concern than the problem of linking our modern jet-age air terminals with the major hotel and commercial centers in our growing metropolitan areas. With air travel times decreasing as each newer and larger type of plane is introduced the problem of getting to the airport on congested freeways and highways and getting to the terminal from large spread-out parking facilities becomes more time consuming and inconvenient.

Efforts to solve the problem by encouraging the development of hotel-motel, convention and office facilities at the airport have not been a solution to the travel problem since they actually work to increase the importance of the airport area and cause more people to want to crowd into the area even though they have no direct interest in making a trip by air. In other words, any solution to the transportation problem of the air traveler must also consider the much broader general demand for travel between the two centers. Such plans must also consider the most practical means of serving any need for fast transportation including commuters who might use the system as a link in their trip from home to work.

In Los Angeles, the proposed Airport to Downtown line is a project which has been under study for some time. The work done to date has all been concerned with a special purpose high-speed low capacity line tailored primarily to the needs of airline passengers.

The first set of studies were made by the Goodell Monorail with the idea of interesting the Los Angeles Metropolitan Transit Authority in sponsoring such a project. These first studies included (1) a preliminary study of the economic feasibility of such a line by Arthur C. Jenkins and (2) a series of studies which were summarized in a proposal to build the line which was transmitted to the Authority by the Goodell organization. I underlined the word "preliminary" in connection with the Jenkins' study since it represented a first approximation using such data as was readily available at the time and did not purport to be the study in depth which is required before a bond issue could be set up and sold. Unfortunately, the promoters, in their enthusiasm, used the findings as they would a more complete and final report.

All of these studies were paid for by the Goodell organization and represent their work although they did confer with the Authority and its staff during the conduct of the studies.

The route of the line started at a terminal just east of the freeway at Seventh Street, followed the Harbor Freeway to Century Boulevard and Century Boulevard to the Airport proper.

Without going into detail, these studies were neither complete nor are they representative of current conditions for the following reasons:

1. The plans for the monorail system were not complete, lacking many details on the construction of equipment and methods of handling passengers and their baggage at both terminals.
2. No competent data was available on operating costs since there was no monorail of this type in operation other than a very short experimental section in Dallas.
3. Assumptions as to rights of way have been obsoleted by subsequent freeway interchange construction, particularly the section from Adams Boulevard north to the terminal.
4. Plans to serve the Airport proper were not complete, and additionally, did not consider the present shift to aircraft of much larger seating capacity.
5. The recent surge in construction in the immediate downtown area was only a matter of conjecture at the time of the studies. Bunker Hill was still tied up in litigation and there were no public announcements on any of the major new office buildings now under construction.
6. The most attractive plan for financing the system included a refinancing of the present MTA Bond Issue to provide additional security for the new bond issue. At that time MTA was operating profitably and the combined revenues helped create interest in the proposed bonds. The District is not in the same financial position.

Active work on the Goodell project stopped in 1963. Since that time the Airport Commission has authorized separate studies to determine whether they might sponsor the Airport line in connection with their plans to increase the traffic at the Airport in future years. They have reviewed the requirements for such a system, again limited primarily to airline passenger use and studied the financial feasibility. Their studies were not tied to any specific patented system. A number of systems were reviewed in order to obtain up to date information of system costs and capabilities and limitations of each type.

As a result of these studies it has been found that it will probably be some time in the future before the volume of airline passengers alone would support the construction of the system. Accordingly, the Airport Commission and the District have announced plans to explore jointly the possibilities of combining in one system a facility which will both meet the specific needs of airline passengers and the general need for rapid transportation between the Airport-South Bay area and Downtown Los Angeles. Such a move represents a major step forward toward developing a true area-wide transportation system. Work on a line to serve the South Bay corridor of the Master Plan complements work done to date by the District on four of the heaviest travelled commuter routes.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

RESPONSE TO McCONE COMMISSION INQUIRY
RE BUS SERVICE IN THE WATTS AREA

Recent inquiries from the McCone Commission regarding public transportation in the Watts area indicate that important segments of the community leadership do not have a clear picture of the legal powers and functions and the limitations on the Southern California Rapid Transit District in providing bus transportation for the citizens of the District. Furthermore, the problems cited in connection with the Watts area, including fares, frequency and convenience of service, and inter-company co-ordination, are not confined to the Watts area alone. Any proposed solution must consider the District as a whole.

Recognizing these facts, we have been asked to summarize the present organizational structure of bus operations within the District, review the specific problems, particularly as they relate to Watts, and to "put on our public hat" and suggest ways to improve service to the public even though these improvements may be beyond the present powers and resources of the District.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT - POWERS AND LIMITATIONS

The Southern California Rapid Transit District was organized in November, 1964 as a public corporation for the purpose of providing mass transportation service in a District which includes all of Los Angeles County south of the San Gabriel Mountains. It is a successor to

and replaces the former Los Angeles Metropolitan Transit Authority which had existed as a public corporation with similar responsibilities since 1951 and had operated the principal local mass transportation services from March 3, 1958.

Section 30001 of the District Act found that the LAMTA, with its limited powers, was unable to solve the transit problems of the Southern California area and stated the purpose "to establish such transit district governed by representatives of the governmental agencies in the Southern California area so that there will be sufficient power and authority to solve the transportation problems in the Southern California area and to provide the needed mass rapid transit system."

Rapid transit is broadly defined in Section 30005 and includes all means of transporting passengers and their incidental baggage by means other than by charter bus, sightseeing bus, taxi or any other motor vehicle not on an individual fare paying basis.

While the District Board is empowered to supervise and regulate every transit facility owned and operated by the District (Section 30256), these powers must be exercised within limits set forth in other sections of the District Act. One of the limitations which is pertinent to the Watts problem is contained in Section 30637 which prohibits the District from establishing transit facilities in competition with any publicly owned or privately owned public utility without the consent of the affected utility. Conversely, it prohibits other publicly owned public utilities from competing with District operations. Privately owned public utilities are similarly restricted by the State Public Utilities Commission.

It is intended that the District operations be self-supporting insofar as practical (Section 30638). The District may levy taxes for capital improvements such as building a rapid transit system and to pay the principal and interest on any bonds issued for such purposes, provided, an appropriate proposition has been approved by the voters of the District. Section 30806 clearly states that no taxes are to be levied to pay operating expenses of the District. Such funds would have to come from the State or an appropriate local agency (County or City) which has taxing powers for this purpose.

In summary: While it is the expressed intention of the District Law that the District concern itself with the transportation problems of the District, any action to solve these problems must recognize the rights of other transportation operators within the District and must be essentially self-supporting as far as operating expenses are concerned unless financial assistance is received from the State or an appropriate local agency.

DISTRICT'S PRESENT FINANCIAL SITUATION AND FUTURE OUTLOOK

The District is the principal operator of local and interurban bus service in the Los Angeles area. These operations were purchased from their private operators, Los Angeles Transit Lines, Metropolitan Coach Lines, and Asbury Rapid Transit System, by the Los Angeles Metropolitan Transit Authority on March 3, 1958. A \$40 million Revenue Bond issue was sold to provide for the purchase. These bonds are a lien on the revenues of the system under terms and conditions set forth in a Trust Indenture. The Trust Indenture is a lengthy document but the principal conditions are fairly simple. It requires that the Authority (now the District) provide revenues sufficient at all times to meet the operating expenses of the bus system, to provide funds for payment of principal and interest on the bonds,

