

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

June 15, 1978

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 10:10 a.m. on June 15, 1978, at which time President Marvin L. Holen called the meeting to order.

Directors present:

Byron E. Cook	Thomas G. Neusom
Donald Gibbs (2:33 p.m.)	Mike Lewis (10:15 a.m.)
David K. Hayward	Ruth E. Richter
Marvin L. Holen	Charles H. Storing
Gerald B. Leonard	George Takei

Director absent:

Jay B. Price

Staff present:

Jack R. Gilstrap, General Manager
Samuel Black, Manager of Operations
Jack Stubbs, Asst. General Manager for Administration
Richard T. Powers, General Counsel
George L. McDonald, Manager of Planning & Marketing
Joe B. Scatchard, Controller-Treasurer-Auditor
John S. Wilkens, Manager of Employee Relations
Robert Williams, Manager of Customer Relations
Richard K. Kissick, Secretary

President Holen reported that the purpose of the meeting was to adopt a fare structure and the budget for the coming fiscal year.

He stated that environmental hearings regarding a possible increase in the District's fares were held on April 29 and May 4. He noted that RTD had no taxing authority and it was therefore necessary to meet rising costs by increases in fares or decreases in service. He pointed out that rising costs were due to several factors, including inflation, and an increase in ridership to the highest in the District's history.

He further stated that efforts may be made in Sacramento to divert funds from public transit to aid cities and counties due to the passage of Proposition 13 on June 6 and requested public help in requesting Sacramento to not divert such funds from public transit.

He reminded members of the Board that eight votes (2/3 majority) were necessary to adopt any changes in fares, and six votes (simple majority) to adopt the budget.

Mr. Gilstrap then briefly summarized the staff recommendations regarding the fare structure and the proposed budget. He reported that the District has had to reduce its forces by about 15 percent during the last two years but will be able to keep a balanced budget this fiscal year. He remarked on the loss of \$5.1 million from Los Angeles County due to the passage of Proposition 13 and that next year's proposed budget had been adjusted accordingly. He further reported

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that he had instituted a 90-day freeze on non-critical, non-contract and BRAC employees, reduced the capital budget, reduced anticipated insurance costs and the advertising budget, which, together with an anticipated increase of \$2 million in sales tax funds, reduced the overall proposed budget by \$5.1 million.

He then reported that the fare structure which the staff had submitted had been proposed with the thought in mind that no one segment of transit users would be burdened more than others and that fares would meet at least 40% of operating costs. He reported that uncertainties in connection with next year's budget included what the effects of the Jarvis amendment would be on the economy and sales tax, and the possibility that the uninsured motorists insurance bill might pass in Sacramento which would require a \$650,000 budget increase on the expense side. Pending federal legislation could help but it faces an uphill battle. He stated the other uncertainties included whether or not the District would receive about \$3 million from neighboring counties for services furnished and from the City of Los Angeles for minibus funding, together with pending legislation which could reduce TDA funds received by transit. He said the District is carrying more people but still must take steps to reduce costs in view of Proposition 13.

Appearances by Members of Organizations and the Public.

During the period 10:30 a.m. to 11:22 a.m. eleven members

of organizations and the public appeared before the Board to voice their views concerning the proposed fare structure and the budget. A summary of those appearances is attached to these Minutes as EXHIBIT 1.

The Board recessed at 11:22 a.m. and reconvened at 11:37 p.m. with all members present except Gibbs and Price.

President Holen stated it had been suggested delaying consideration of the fare structure and budget until the District has ascertained if any help can be obtained from local agencies or the state, but suggested that the Board proceed today with the proviso that should the state provide funds either directly or indirectly to SCRTD that those funds would be applied to a part or all of the fare increases which were adopted today.

President Holen conducted a straw vote of the Board following which he stated it was the majority consensus of the Board to proceed today and if Sacramento releases funds for transit then change the fares at that time.

He then stated he would take a straw vote on each fare proposal. He also remarked on the fare proposals which he had distributed to the Board.

Director Lewis moved adoption of the staff recommendation on a 45-cent base fare and retaining the 10-cent transfer charge.

Director Takei favored the 50-cent base fare and no transfer charge.

Mr. McDonald reported that the staff estimated the 50-cent fare would increase revenue by \$8.3 million but the free transfer would result in a loss of about \$4 million, with a greater deflection in ridership under this proposal. He also reported on the considerable amount of misuse of transfers when free in previous years.

Director Cook felt that illegal use of free transfers was one of the highest abuses and the transfer should not be free.

A straw vote on Director Lewis' motion carried with Director Takei being the only "no."

Director Richter moved the regular base pass price to \$20. The straw vote was unanimous.

Director Richter moved no change in express step charge of 20¢ and retain express stamp charge at \$6, instead of \$7 recommended by staff.

On inquiry, it was ascertained that retaining the express pass stamp at \$6 would result in an estimated revenue loss of \$200,000.

After discussion regarding the express pass stamp, President Holen inquired if the Board could proceed with the base fare, pass increase and the transfer charge which would result in a \$6 million revenue increase, leaving a shortfall of \$2 million in the budget. Mr. Gilstrap stated

there were only two ways to reduce the budget by \$2 million and that was reduction in administration or service. He recommended adoption of a budget prior to July 1.

Director Lewis felt that Board should proceed with everything today and then if funds become available the Board could then act.

A straw vote on retaining the express pass stamp at \$6 failed.

With respect to the student pass, Mr. McDonald explained that the staff proposal of 14/17 meant that students up to and including highschool would be charged \$14, and \$17 for college students with limitation of age 21 and carrying 12 units.

A straw vote on the 14/17 student pass plan failed.

Mr. McDonald reported that dropping the \$17 plan could possibly result in a \$200,000 to \$500,000 reduction in revenue.

Director Neusom's suggestion of \$14/\$16 failed by a straw vote.

Director Takei's suggestion of a \$15 across-the-board student pass failed by a straw vote.

The Board then moved on to discussion of the elderly and handicapped fare, with the staff recommendation being increasing the cash fare from 10¢ to 15¢ and the pass from \$4 to \$6.

Several viewpoints regarding the E & H fare were expressed with the only straw vote taken, that being retaining the

10¢ fare and a \$5 pass, failing.

Director Takei suggested raising the Airport Express fare to \$3.50 to make up the difference in the E & H fare loss.

Director Hayward's suggestion to increase the Airport Express fare to \$3.50, student pass at \$14, express step pass charge to remain at \$6, with the E & H fare unresolved, failed by a straw vote.

Director Takei's suggestion that the E & H cash fare be 15¢, with the pass remaining at \$4, and an Airport Express fare of \$3.50, failed by a straw vote.

Director Takei's suggestion that the Airport Express fare be \$3.50, E & H cash fare 15¢ and pass \$5, and express pass stamp remain as is, failed by a straw vote.

Director Hayward's compromise suggestion that Airport Express fare be \$3.50, express stamp remain at \$6, student pass \$14 through age 21 and E & H cash fare of 15¢ and pass \$5, failed by a straw vote.

President Holen's suggestion of an E & H fare of 10¢ with a \$5 pass failed by a straw vote.

President Holen stated he felt we should go to UMTA to change the rule from 62 to 65 years of age to qualify as senior citizens.

Director Neusom's motion to adopt the previously considered base cash fare of 45¢ and monthly pass charge of \$20, which motion was seconded, but failed by a Roll Call vote as follows:

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

Board of Directors Recessed for Lunch at 1:33 p.m.

The Board of Directors recessed for lunch at 1:33 p.m. and reconvened at 2:33 p.m. with Directors Cook, Gibbs, Hayward, Holen, Leonard, Lewis, Neusom, Richter, Storing and Takei responding to Roll Call. Director Price was absent from the meeting.

President Holen briefly reviewed the morning discussions regarding the fare structure, and offered a compromise proposal of a cash base fare of 45¢, transfer charge of 10¢ (same as at present), monthly pass \$20, E & H cash fare 10¢ (same as at present) and monthly pass at \$5, student pass \$14, instead of the \$14/\$17, express steps remain at 20¢, express stamps \$6, same as at present, and an Airport Express base fare of \$3.50.

Director Hayward moved concurrence of President Holen's proposal, which motion was seconded.

Director Gibbs offered an amendment to the E & H cash fare to be 15¢, which amendment failed by a straw vote.

The question was called for on Director Hayward's motion and failed by a Roll Call vote as follows:

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

Director Hayward then moved a cash fare of 45¢, E & H cash fare of 15¢ and pass \$4, express step 20¢, express pass stamp \$6, student pass \$14, carrying 10 units or more through age 21, monthly pass \$20, and Airport Express base fare from \$2.50 to \$3.50, with subscription fares to be considered separately, which motion was seconded.

On inquiry, Mr. Scatchard reported that the present motion would result in an estimated revenue reduction of \$670,000, as compared with the proposed budget.

Director Hayward's motion failed by a Roll Call vote, as follows:

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

Director Cook felt that someone would have to give in order to resolve the matter and asked Mr. Gilstrap if we could make up the \$670,000 deficit. Mr. Gilstrap replied that it could be done by cutting down on some programs, probably in the capital budget, and probably without a further reduction in service.

Director Hayward then moved a 45¢ base cash fare, transfer charge of 10¢ (same as at present), monthly pass \$20, E & H cash fare 15¢ with monthly pass \$4 (same as at present) \$14 student pass through age 21 and carrying 12 units and an Airport Express base fare of \$3.50, effective July 1, 1978, which motion was seconded, carried by a Roll Call vote as

noted below, and the following resolution adopted:

R-78-230

RESOLVED, that the General Manager is authorized to include the following fare structures in the District's tariff effective July 1, 1978:

Regular base fare	45¢
Transfer charge	10¢
Monthly pass (base)	\$20
E & H cash fare	15¢
E & H monthly pass	\$4
Student monthly pass	\$14 (through age 21 and carrying 12 units)
Airport express base	\$3.50

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

Director Richter then moved that subscription fares remain as is, which motion died for lack of a second.

Mr. McDonald briefly explained the fares proposed for subscription lines with a charge of \$50 per person per month on lines operating 20 miles or less, with \$5 increments according to mileage, and that there were nine lines being operated at present, with eight of them sponsored by ARCO and the other by Blue Cross. On Director Gibbs inquiry, Mr. McDonald explained the differences in subscription fares and van pool fares, with subscription fares being \$7 below van pool charges.

President Holen suggested carrying consideration of the matter over until it had been discussed with ARCO.

On Mr. McDonald's inquiry, President Holen stated that the Airport Express charges would be increased on a pro-rata

basis for those lines which now exceed the present \$2.50 base fare, effective July 1, 1978.

Adoption of Budget for Fiscal Year 1979

Mr. Gilstrap again reviewed his report of June 7 and the items which had been removed from next year's budget due to the anticipated loss of \$5.1 million from Los Angeles County, and as previously stated at the beginning of the meeting. He further reported the capital program could be amended to balance the budget to make up the additional deficit as a result of the fare structure adopted, but warned that it could result in inflated costs at the times the capital items removed are implemented, and also that this could be accomplished with no additional service reductions other than those which were already planned and approved by the Board.

Director Hayward moved adoption of the Fiscal Year 1979 budget as outlined by the General Manager, which motion was seconded.

President Holen pointed out that the fare structure adopted amounted in a budget reduction of \$500,000 to \$600,000 which would have to be made up by reason of not adopting the staff recommendations on the fare structure.

Director Lewis was not certain that the District would receive the additional \$2 million in sales tax funds which had been forecasted by the staff. Mr. Gilstrap agreed and stated that it was, of course, dependent on the funds being available and being allocated by the L.A.C.T.C.

The question was called for on Director Hayward's motion, carried unanimously by Roll Call vote as noted below, and the following resolution adopted:

R-78-231 RESOLVED, that the General Manager's proposed budget for Fiscal Year 1979 as submitted to this Board of Directors in the report dated June 7, 1978, a copy of which is filed with the Secretary, together with necessary amendments as a result of the fare structure adopted by this Board of Directors under Resolution No. R-78-230 on June 15, 1978, is adopted, as contained in the Schedules 1 through 5 attached to these Minutes as EXHIBIT 2.

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

Director Richter reported that the Customer Relations & Public Information Committee, at its meeting on June 1, had recommended that the Marketing and Communications Department current budget be augmented in the amount of \$51,000 for use as a public information expenditure with respect to the proposed fare increases, moved approval of the Committee's recommendation, which motion was seconded and carried as noted below and the following resolution adopted:

R-78-232 RESOLVED, that the Marketing and Communications Department current budget be augmented in the amount of \$51,000 for use as an information expenditure to inform the public of the fare increases adopted by the Board of Directors which become effective July 1, 1978.

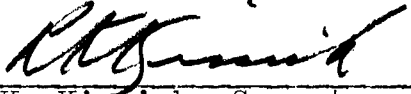
Ayes: Cook, Gibbs, Hayward, Holen, Lewis, Neusom
 Richter, Storing, Takei
 Noes: Leonard
 Abstain: None
 Absent: Price

(Director Lewis left the meeting at 3:31 p.m.)

) Director Richter then moved that the Board of Directors take any and all actions necessary to request the Urban Mass Transportation Administration to change its rules from age 62 to age 65 to qualify senior citizens for reduced fares, which motion was seconded but failed by a Roll Call vote, as follows:

Ayes:	Gibbs, Holen, Richter
Noes:	Cook, Hayward, Leonard, Storing
Abstain:	Neusom, Takei
Absent:	Lewis, Price

On motion duly made, seconded and unanimously carried, the meeting was adjourned at 3:33 p.m.



R.K. Kissick, Secretary

Summary of
Appearances of Members of Organizations
and the Public at Special Board Meeting

June 15, 1978

Rev. Al Dortch, Coalition for Economic Survival
5520 West Pico Blvd., Los Angeles

Stated that he had taken his organization's transit concerns to the Board of Supervisors, City of Los Angeles and the state to protest proposed fare increases and to seek the aid of those agencies in helping funding for the District. That he had a petition with over 2,000 signatures opposing any increase in fares or cutting services. Felt the Board should take its case to the County and other agencies and be the leader in seeking funds and suggested holding off on any fare increases until more information is available. He also suggested that a joint press conference be held with RTD and his organization regarding the need for help from Sacramento.

(On Director Storing's inquiry if he had sought the help of the labor unions representing the District, Rev. Dortch replied that he had not but had asked the United Auto Workers to help them in getting all unions together to help the cause.)

Edith Haynes, So. Calif. Friends Committee on Legislation
980 N. Fair Oaks, Pasadena

Urged current fares be maintained or reduced, especially on account of the unemployed and disadvantaged. Urged the Board's leadership in obtaining sources of funds. Favored cutting service rather than increase fares.

Lazear Israel, 936 S. Genesee Ave.,
Los Angeles

Urged a fare structure on the higher side which would produce more revenue and perhaps add some services, especially nights and Saturdays, and urged elderly and handicapped fares to be set to more meet the cost of operation.

Jim Wasmuth, 3145 Garden Ave.,
Los Angeles

Stated he was a former operator and urged no fare increases or service cuts, and to not act today until the Sacramento situation was cleared up. Urged a press conference with CBS with whom he worked.

Rose Boin, Women on Issues,
329 California Ave., Santa Monica

Felt the Board was on the public's side and that the results of Proposition 13 were not yet in and the Board should not act this early. Inquired about a free service recently proposed by the federal government and was told that the government's intent was to attempt the experiment in a smaller city, not a city the size of Los Angeles.

Dora H. Shapiro, 120 S. Manhattan Place,
Los Angeles

Urged retention of present fare structure, especially those for senior citizens, and that the unemployed and disadvantaged could not pay higher fares.

Judith Markowitz, 1075 N. St. Andrews Place,
Los Angeles

Objected to any fare increases, especially in student and elderly fares, and urged employment of enough bus drivers to eliminate payment of overtime and don't reduce any services.

P. Holladay, 638 W. Kelso,
Los Angeles

Urged no fare increases, especially in the senior citizen pass.

Pearl Fagelson, 1420 S. Orange Grove Ave.,
Los Angeles (Emmi Lazarus Jewish Women's Club)

Opposed any increases in the senior citizen fare.

Susan Madrid Simon, 1360 E. Pasadena,
Pomona

Just received layoff notice on account of Prop. 13--husband rides bus from Pomona to Los Angeles to work and cannot afford any fare increase. Urged Board to go to Sacramento for help.

Alfred Williamson, 215 W. Fifth St.,
Los Angeles (works out of San Francisco)

Doing study on San Francisco and other systems. It is possible to cut fares such as in Denver and Salt Lake City with off-peak lower fares.

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
Adopted Budget
Fiscal Year 1979
Thousands of Dollars

Funds Required -

For bus operations (Schedule 2)	\$214,060
For new buses, capital improvements (Schedule 3)	34,330
For debt service (Schedule 4)	<u>3,470</u>
Total	<u>\$251,860</u>

Sources of Funds (Schedule 5) -

Passenger revenue	\$ 88,000
Sales tax	81,000
Federal government (UMTA)	
For operations	51,400
For capital items	25,800
Other sources	<u>5,660</u>
Total	<u>\$251,860</u>

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

FY '79 BUDGET

Dollars in Thousands

	<u>FY '79</u> <u>Budget</u>
Board	\$ 110
General Manager	107
Corporate Secretary	118
Legal	269
Insurance	16,558
Safety	116
Equal Employ. Opportunity	94
Operations-General	257
Building Services	1,758
Print Shop	776
Transportation	92,836
Maintenance	49,871
Equipment Procurement	559
Planning	1,434
Marketing	2,467
Schedules	2,118
Passenger Service	296
Telephone Information	2,276
Employee Relations, General	286
Labor Relations	263
Personnel	33,150
Controller	439
Accounting & Fiscal	1,450
Data Processing	1,729
Purchasing & Stores	934
Rapid Transit	565
Administration	594
Special Agents	1,602
Bus Facilities Engineering	1,028
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District Total	\$214,060

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
Capital Budget Summary
Fiscal Year 1979
Thousands of Dollars

Buses (115 standard size)	\$14,460
Buses (50 intermediate size)	5,300
Operating facilities (Divisions 1, 3, 5, San Fernando Valley)	8,571
Bus radios, support equipment, bus stop signs	3,761
Maintenance equipment	250
Computer hardware and software	<u>1,988</u>
Total	<u><u>\$34,330</u></u>

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
Debt Service
Fiscal Year 1979
Thousands of Dollars

Bond interest	\$ 710
Bond retirements	<u>2,760</u>
Total	<u>\$3,470</u>

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
Sources of Funds
Fiscal Year 1979
Thousands of Dollars

Passenger revenue	\$ 88,000
Sales tax	81,000
UMTA - for operations	51,400
UMTA - for capital items	25,800
UMTA - planning, demonstration	2,200
Minibus subsidies	610
CETA funds	660
California Dept. of Transportation	370
Advertising on buses	700
Interest earnings	450
Rentals, other items	<u>670</u>
Total	<u><u>\$251,860</u></u>

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