

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

March 26, 1968

Upon notice duly given, the Directors of the Southern California Rapid Transit District met at an adjourned regular meeting in the District Board Room, 1060 South Broadway, Los Angeles, California, at 10:00 a.m. on March 26, 1968, at which time President Don C. McMillan called the meeting to order.

Directors Kermit M. Bill, A. J. Eyraud, Jr., Gordon R. Hahn, H. Lee Hale, David K. Hayward, Herbert H. Krauch, Michael E. Macke, Don C. McMillan, Douglas A. Newcomb and Norman Topping were present. Director Charles E. Compton was absent.

Also present were General Counsel Milton McKay; Manager of Operations R. W. Gareau; Chief Engineer Richard Gallagher; Director of Rapid Transit Planning John Curtis; Director of Public Information R. O. Christiansen; Secretary Virginia L. Rees; and the public.

President McMillan announced that the first order of business was to receive and consider the report of the Special Committee appointed by the President to report to the Board on the sale of the 107 trolley coaches, and he called

upon Director Hayward, Chairman of the Committee, to present the report.

Director Hayward reported that a meeting of the Committee, composed of:

Director Newcomb, Vice-Chairman, Directors Eyraud, Hale and Macke as Members, and himself as Chairman, was held immediately following the March 19th Regular Meeting and this morning immediately preceding the Board Meeting, and that the Committee did go into the sale in depth and into the policy and procedure in conjunction with the particular sale.

He reported that 115 scrap dealers had been contacted since the March 19th meeting and that the Committee received a report on each individual dealer who was contacted and the results of that contact. He also stated that the District property on Vernon Avenue, where the trolley coaches were stored, was held open on Friday morning, March 22, commencing at 11:00 a.m. for the ones of the 115 who did respond and showed an interest. Seven bids were received from the 115 solicited. One was disqualified because of failure to provide the necessary deposit. The highest bid submitted was from Kramer Metals in the amount of \$16,797.93, and the lowest bid, from Samson Auto Salvage, was in the amount of \$3,630.51. The offer that was presented to the Board, the agreement that was entered into and executed, was for the sum of \$37,450.00 by Lowell Bearing and Parts Company.

Chairman Hayward further reported that it was the unanimous recommendation, in light of the information developed, of the

Committee to concur with the recommendations of the Management and to proceed with the offer submitted by the Lowell Bearing and Parts Company. And Chairman Hayward thereupon moved that the Board concur with the recommendation of the Committee to proceed with the offer submitted by Lowell Bearing and Parts Company. The motion was seconded by Director Newcomb.

The meeting was thereupon thrown open to discussion.

Chairman Hayward announced that he would have additional motions to make as to the policy and procedure to handle future sales of surplus property.

In response to a question of Director Hahn, Chairman Hayward reported that the Committee found that the tires in question did not belong to the District, but to the tire company; they were scrap tires and of no value whatsoever and were placed on the buses in order to move them to the appropriate railroad sidings. As to the spare parts, he stated, that it was a matter of record they had been devalued on the books of the District to 10 cents on the dollar; that the parts were a consideration in the total sale; that the buyer bought a package, not just the buses, but the parts which would be obsolete to anyone except one operating this type of equipment.

With reference to the storage of the trolley coaches, Chairman Hayward reported that the 107 coaches did take up space on the District property and that the management was pursuing a course of action that when this property is vacated it could be leased for possibly \$56,000 annually.

Director Eyraud stated that he was satisfied that under the present circumstances the sale to Lowell Bearing was as good a deal as could be made at this time, but that the problem was somewhat confused by the fact that the overhead had been sold to Lowell Bearing sometime ago; that to buy the coaches and utilize them, it would be necessary to have the overhead, and the overhead had been sold earlier.

Manager of Operations Gareau reported that there was no overhead system sold; that, obviously, an overhead system to be used in conjunction with trackless trolleys requires poles, overhead lines, mates and switches, hangers and stringers, and that there were some parts removed when the District abandoned its trolley coach lines in 1962. And, further, that these were parts that had been removed and stored, and they could only be used in conjunction with an existing overhead system. The few parts involved are replacement parts. He reported that, as far as bids on the replacement parts were concerned, no bids were secured because at the time of the disposal of the overhead system, the parts in question were offered for sale and no bids were received.

Thereupon, the motion offered by Director Hayward, and seconded by Director Newcomb,

That the District proceed with the offer submitted by Lowell Bearing and Parts Company to purchase the 107 trolley coaches,

was voted upon. Directors Bill, Hahn, Hale, Hayward, Krauch, Macke, McMillan, Newcomb and Topping voted "Aye." Director

Eyraud abstained from voting. The motion carried.

Amendment of Rules and Regulations

Director Hayward announced that it was also the Committee's recommendation that the General Counsel be directed to prepare an amendment to the Rules and Regulations providing that in the sale of personal property, the property shall have been advertised for sale within one year preceding the date of execution of any sale, and, further, that since the General Counsel had indicated to the Committee that he wished to review other sections of the Rules in this connection, that he be directed to make such review and submit his recommendations to the Board.

Upon approval of the ten Directors present, the matter of directing the General Counsel to prepare an amendment to the Rules and Regulations, as above described, was added to the Agenda.

After discussion, upon motion of Director Hayward, seconded by Director Eyraud, the following motion was unanimously adopted:

That the General Counsel prepare an amendment to the Rules and Regulations providing that in the sale of personal property it shall have been advertised for sale within one year preceding the date of execution of a sale and, further, that the General Counsel review other sections of the Rules in relation to the advertising for sale of equipment and make any other recommendations he considers necessary.

Director Hayward requested that the record show that, in addition to the Committee members, there were also present at the Committee meeting this morning, Manager of Operations Gareau,

General Attorney Milton McKay and Director of Purchasing
J. L. Smith.

Director Hayward also reported that it was the recommendation of the Committee that the existing policy under the Rules and Regulations of establishing minimum prices on the sales of surplus personal property be continued, and he so moved.

Director Macke thereupon moved that the matter be referred to a special committee for consideration, since he felt that a unique problem was developing, that he was not satisfied that the matter had been investigated thoroughly enough, and that the Board was not well enough informed to vote on the motion. He further stated that the matter should be studied in conjunction with the Management and the General Counsel and then brought back to the Board with a recommendation.

Director Hayward withdrew his motion.

After discussion of Director Macke's motion that

A special committee be appointed to study the existing policy of the District under the Rules and Regulations of establishing minimum prices on Sales of surplus personal property in conjunction with the Management and the General Counsel and to report back to the Board with a recommendation,

it was seconded and unanimously carried.

President McMillan announced that the committee would be appointed.

Director Hayward then announced that that concluded the Committee's report.

the rapid transit project is approved by the voters.

Next Regular Meeting

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

RESOLVED, that the next Regular Meeting of the District be held at the District's Board Room in the Transit District Building, 1060 South Broadway, Los Angeles, California, on Tuesday, April 2, 1968, at 10:00 a.m.

There being no further business, the meeting adjourned.

William L. Rees
Secretary