

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

November 3, 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 November 3, 1965, at which time President Harry A. Faull called the meeting to order.

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

Also present were Assistant Manager of Operations M. Edwin Wright; General Counsel Milton McKay; Treasurer and Auditor H. L. Black; Fiscal Consultant Walter J. Braunschweiger; Chief Engineer Ernest R. Gerlach; Assistant General Manager Jack R. Gilstrap; Director of Public Information Guy G. Gifford; Secretary Virginia L. Rees; and the public.

Approval of Minutes

The Minutes of the Regular Meeting held October 20, 1965 were approved.

Approval of Letter Agreements with Marinello-Comer Schools of Beauty, Swelldom and Zukors

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

RESOLVED, that the Acting General Manager be and he hereby is authorized to execute on behalf of the District letter agreements, each dated November 3, 1965, with Marinello-Comer Schools of Beauty, Swelldom and Zukors in the matter of refunding of fares and the inclusion of an ad on the back of certain transfers; form of said letter agreements to be subject to approval of the General Counsel.

Temporary Route Diversions

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

RESOLVED, that the temporary route diversions affecting Lines 35, 38, 53, 86 and 93, as described in report dated October 27, 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 October 26, 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 October 20, 1965 through November 2, 1965, as discussed at this meeting and attached to these minutes as Exhibit 1, 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 Assistant Manager of Operations 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 September, 1965, a copy of which report is on file with the Secretary.

Approval of Lease Agreement - Dusan Mandrapa, Lessor

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

RESOLVED, that the Acting General Manager be and he hereby is authorized to execute on behalf of the District a Lease Agreement between the District, as Lessor, and Dusan Mandrapa, as Lessee, covering the Coffee Shop premises at 1050 South Broadway, Los Angeles, for a 3-year term commencing December 1, 1965, at a rental of 6% of the gross receipts, payable monthly, with a minimum rental of \$200.00 per month; form of said lease agreement to be subject to approval of the General Counsel;

RESOLVED FURTHER, that the Acting General Manager be and he hereby is authorized to execute on behalf of the District a termination of Lease Agreement dated August 1, 1963 covering the above described Coffee Shop premises with Esteban Keschischian, Lessee, effective as of November 30, 1965; form of termination agreement to be subject to approval of the General Counsel.

Report on "Jobmobile"

At the request of Mr. Wright, Mr. Gilstrap reported on the mobile unit set up for the purpose of obtaining qualified applicants for bus operators and other positions from the Watts, Highland Park, West Los Angeles, Boyle Heights, Van Nuys and El Monte areas.

District Presentation before the Assembly Interim Committee
on Transportation and Commerce - November 8, 1965 -
Room 115, State Building, Los Angeles

The Board discussed the presentation to be made by President Faull before the Assembly Committee on Transportation and Commerce on November 8, 1965 at 10:00 a.m. in Room 115 of the State Building, Los Angeles, in connection with proposed legislation to set up machinery for financing rapid transit in Southern California, and approved the statement attached to these minutes as Exhibit 2.

Report on Formation of Southern California Association
of Governments (SCAG)

Director McMillan commented to the Board on the establishment of the Southern California Association of Governments (SCAG). With the establishment of SCAG, the District and other governmental transit companies may qualify for grants under the Urban Mass Transportation Act of the Federal Government.

State Highway Commission - Rapid Transit District - Joint
Dinner Meeting, November 4, 1965

President Faull announced that the State Highway Commission was hosting a joint dinner meeting with the District Directors

copy of which is attached to these minutes as Exhibit 3.

He further reported that Director Herbert H. Krauch was confirmed by the Los Angeles City Council on September 15, 1965 for a four-year term commencing September 29, 1965 and that Director Don C. McMillan was confirmed by the Los Angeles County Board of Supervisors on September 14, 1965 for a four-year term ending September 30, 1969.

Committee Appointments

The President announced that on October 4, 1965 Director Allan F. Daily, Jr. was appointed a member of the Operations and Budget Committee and of the Rapid Transit Planning and Finance Committee, and that Director Herbert H. Krauch was appointed a member of the Operations and Budget Committee and of the Legislative and Public Information Committee.

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, at 9:30 a.m. on Wednesday, November 17, 1965.

Personnel Committee Meeting

At the request of Director Allen, Chairman of the Personnel Committee, the Directors retired to the Conference Room to discuss personnel matters.

Upon the return of the Directors to the Board Room, the meeting adjourned.

Augustine L. Rice
Secretary

REPORT OF PURCHASING COMMITTEE
FOR PERIOD OF
OCTOBER 20, 1965 THROUGH NOVEMBER 2, 1965
TO DIRECTORS OF
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

APPROVED THE FOLLOWING:

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

NO.	VENDOR	COVERING	AMOUNT	A.F.E. NO.
A-1	XEROX CORPORATION	RENTAL OF XEROX 914 COPIER FOR YEAR 1966 AT \$25 PER MONTH PLUS 3½¢ PER COPY PROCESSED, OR AN ESTIMATED MONTHLY COST OF	\$ 325.00	
A-2	PITNEY-BOWES	RENTAL FOR YEAR 1966 OF PITNEY-BOWES METER FOR MAILING MACHINE, PLUS SERVICE AS REQUIRED, AT AN ESTIMATED COST OF	216.00	
OB 4-66	ALLRIGHT AUTO PARKS	PARKING OF AUTHORIZED TRUCKS AND AUTOMOBILES IN LOT AT 1046 SOUTH BROADWAY, LOS ANGELES, FOR YEAR 1966, AT A COST NOT TO EXCEED	600.00	
PI-145	U.S. POSTMASTER	BULK MAIL POSTAGE ACCOUNT (PERMIT #21231) FOR USE IN MAILING OF NEWSLETTERS, DISTRICT PUB- LICATIONS, SPECIAL REPORTS AND OTHER BULK MAILING, AT A COST NOT TO EXCEED	900.00	
PM-859	ALCORN FENCE CO.	COST OF INSTALLING CHAIN LINK FENCE ON WEST PROPERTY LINE OF DIV. 20 PROPERTY	382.72	
SPS-759	GREEN PENNY COMPANY	1 - METAL RACK CONSISTING OF:) 6 EA. VERTICAL UPRIGHTS (44"x96")) MODEL #9644, AND) 22 PR. OF LOAD SUPPORT BEAMS (LEDGE TYPE)) 86" - 1,827# CAPACITY #23-86) (BUDGET ITEM 3-22))	476.32	235A
TD-158	XEROX CORPORATION	RENTAL COSTS OF XEROX COPY MACHINE FOR YEAR 1966, AT AN ESTIMATED MONTHLY COST OF	325.00	
TD-170	MISCELLANEOUS VENDORS	PRIZES FOR IMPRUV-UR-RECORD CONTEST ENDING 1/31/66	400.00	

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

Statement of

Harry A. Faulk, President
of the
Southern California Rapid Transit District

before the

Assembly Interim Committee
on
Transportation and Commerce

November 8, 1965

Room 115, State Building
Los Angeles, California

**STATEMENT OF HARRY A. FAULL, PRESIDENT
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT**
Before Assembly Interim Committee on Transportation and Commerce,
State Building, Los Angeles, California, November 8, 1965

Mr. Chairman and Members of the Committee:

My name is Harry A. Faull. I am president of the Board of Directors of the Southern California Rapid Transit District, a public agency created by your legislature.

I would like to introduce the members of our Board and staff who are here today (introduce them); the other members of our Board who are not able to be here today are (list names not in attendance).

This broadly representative Board is appointed, five by the County Board of Supervisors, two by the Mayor and City Council of the City of Los Angeles, and four by a selection committee representing the 73 cities in Los Angeles County outside of the City of Los Angeles.

To begin with, Mr. Chairman, I would like to take a moment or two to talk history - to look back at the work and efforts that have brought us to where we are today on rapid transit.

As early as 1925, 40 years ago, Kelker-De Leuw Company conducted the first comprehensive rapid transit study in Los Angeles. Since that first study there have been over 50 more studies and reports done on the subject.

Our predecessor, the MTA, alone spent over \$2 million on exhaustive studies covering population growth, land use, employment projections, travel data, economic indices and community master planning . . . all factors which contribute to metropolitan area transportation patterns. I must add that this \$2 million came from revenues and not one penny from taxes. Volumes of research have been gathered for the Transit District by such renowned firms as Daniel, Mann, Johnson and Mendenhall, Kaiser Engineers, Victor Gruen

Associates, Coverdale & Colpitts, and Gibbs & Hill . . . research that included home-to-work studies, origin-to-destination studies and parking surveys.

This information gave our engineers a firm basis upon which to lay out the route locations of the rapid transit master plan.

All of these reports and studies of past years have told the same story . . . we must have rapid transit if our metropolitan area is to continue to grow and prosper.

The devastating smog attack and massive automobile pileups on our free-ways during the past few days punctuate that need more emphatically than anything I might say. And let me point out that the number of automobiles we have now is expected to nearly double in the next 15 to 20 years . . . while the land and air space which must somehow accommodate these vehicles will naturally remain the same.

Visualize Los Angeles with over 5 million automobiles on its freeways, streets and highways, and you have a picture of our county at a virtual standstill in a choking sea of smog in 20 years unless some farsighted action is taken soon.

There no longer is any question that we must have rapid transit and further, I think we can all agree, we've had enough reports and enough studies and more than enough talk about rapid transit over the last 40 years . . . now we need action on the one remaining question: how should rapid transit be paid for?

On this note, Mr. Chairman, I wish to commend you and your committee for the fine start you have made in seeking a solution to this rapid transit financing problem. Your September hearings and the tentative legislation we have before us today are examples of the kind of legislative leadership our State can be proud of. Certainly, without such legislative direction and help, this community will never have rapid transit in our day.

Now to specifics . . . the two key financial requirements of our District are:

- first, an acceptable method of long term capital financing the people can vote on to actually build the rapid transit system, and
- secondly, preliminary funds to complete the minimum engineering and work in the community set forth by statute and required prior to a public election.

LONG TERM FINANCING

The master plan for Los Angeles County's rapid transit provides for over 160 miles of high-speed, electrically-powered, ultra-modern trains operating on grade separated rights-of-way. These trains will move through subway tubes beneath metropolitan centers, then emerge to travel at ground level and on aerial structures to take advantage of existing rights-of-way. This system will be the last word in automated efficiency, safety and air-conditioned comfort.

The District proposes that we begin by building first, the four most critically congested routes in the master plan - the lines to West Los Angeles, to El Monte, to Long Beach and to the San Fernando Valley with connecting feeder lines to the rest of the county. Let me make one thing absolutely clear: These 4 high density lines and feeder bus service to and from the lines will provide a high level of public transit service to all the people living in the four quadrants of our county.

Capital fund requirements to build this first 64 miles of the total system will be approximately \$800 million, including retirement of the \$37 million in outstanding bonds on the present bus system.

Our recommendation as the best long term financing plan to pay for this first stage of the total system is a combination of two taxes along with the net revenues from the rapid transit system itself. The two suggested taxes are:

- a 1/4% 'in lieu' tax on motor vehicles registered in the District area, plus
- a 1/4¢ sales and use tax levied in the District.

We reaffirm our recommendation that this long term tax plan must first be approved by 60% of the voters at election.

Estimated annual revenue from a 1/4% 'in lieu' tax on motor vehicles levied within the District would range from \$8.06 million dollars in 1966 to \$12.96 million dollars in 1975, according to Department of Motor Vehicles information (see table I below).

Table I

<u>Calendar Year</u>	<u>Estimated Revenue from 1/4% 'In Lieu' Tax Levied within SCRTD Area</u>
1966	\$ 8,060,000
1967	8,500,000
1968	9,050,000
1969	9,600,000
1970	10,170,000
1971	10,680,000
1972	11,200,000
1973	11,750,000
1974	12,350,000
1975	12,960,000

Estimated annual revenue from a 1/4¢ sales tax and use tax levied within the District would range from \$32.81 million dollars in 1966 to \$50.9 million dollars in 1975, according to the latest State Board of Equalization figures (see table II below).

Table II

<u>Calendar Year</u>	<u>Estimated Annual Tax Revenue from 1/4% Sales Tax Levied Within Southern California Rapid Transit District</u>
1966	\$32,810,000
1967	34,450,000
1968	36,180,000
1969	37,980,000
1970	39,880,000
1971	41,880,000
1972	43,980,000
1973	46,170,000
1974	48,480,000
1975	50,900,000

Annual net revenues from operation of the 64-mile first stage rapid transit system are estimated to be at least \$10 million dollars once the system is in full operation. This is net revenue after paying all operating, maintenance and depreciation cost of the system (see table III below).

Table III

<u>Year</u>	<u>Net Revenue From Rapid Transit Operation*</u>
1966-1969	\$ 0
1970 & 1971	5,000,000
1972	8,000,000
1973-1975	10,000,000

*These estimates of net revenue are less than those shown in earlier studies and reflect the present thinking that fares for the rapid transit system will be set to maximize use instead of maximizing net revenue.

The combined estimated revenue from the 1/4% 'in lieu' tax, from the 1/4¢ sales and use tax, along with the net revenues of the system will be sufficient to support an \$800 million dollar revenue bond issue if the interest rate is between 4-1/2 and 5%, and assuming a 50% coverage factor.

Table IV

	Annual Debt Service		
	4%	4-1/2%	5%
Average Annual Interest Cost During Construction			
Period 1966-1972	\$16,000,000	\$18,000,000	\$20,000,000
+ Coverage (50%)	8,000,000	9,000,000	10,000,000
Total	\$24,000,000	\$27,000,000	\$30,000,000
Average Annual Payment Of Principal and Interest For			
33 Years, 1973 - 2006	\$44,080,000	\$46,992,000	\$50,000,000
+ Coverage	22,040,000	23,496,000	25,000,000
Total	\$66,120,000	\$70,488,000	\$75,000,000

We have been advised by our bond counsel that this financing program is both financially feasible and saleable on the open bond market.

Our Transit Board recommends this program of 'in lieu' plus sales tax, plus operating revenues because we feel it spreads the cost of rapid transit equitably and rationally in terms of project benefits among the motorist, general public, and the transit users.

This combination financing arrangement would cost the motorist about \$6 a year on a new Chevrolet, \$3 a year on a 3-year old Chevrolet; on a new Chrysler New Yorker the 'in lieu' tax would run \$9 and on one 3-years old around \$4.50; the sales tax part of the program would cost the average household less than \$11 a year.

On another aspect of the long term financing issue, our Board concurs with your committee's suggestion that the Transit District be permitted to sample community opinion on the use of a real property tax as a backup for the motor vehicle 'in lieu' tax and sales tax combination, in order to obtain a lower interest rate on the bond market. Such a backup property tax would not be used unless the 'in lieu' and sales tax and operating revenues were insufficient to meet debt service requirements at some time in the future and then only to the extent of the insufficiency.

It should be made clear that the District's fiscal and economic experts all agree that the revenues from the 'in lieu' tax, sales tax and rapid transit system will completely cover debt service requirements. The only purpose of this property tax backup which is a traditional public financing method, is to save the taxpayers' money through lower interest rates and the easing or complete removal of additional bond coverage requirements.

In the case of rapid transit financing program we're discussing here, a property tax backup could save the taxpayers as much as \$200 million on an \$800 million dollar bond issue.

We would like to have the option of asking the voters to express themselves on the property tax backup as a separate question - either at the same time they vote on the 'in lieu' and sales tax program or at a subsequent election. But in any case we recommend that approval require the 60% majority vote. May I reiterate, all our experts agree that the property tax would not be called upon but is merely a traditional public financing method which allows a governmental entity to borrow money at a much lower cost.

SHORT TERM FINANCING

Now I wish to turn to the matter of short term, preliminary financing. The need here is for money to complete the minimum engineering and work in the community required by our Act. This is not election campaigning. It is work with local officials on precise routes, station, and parking facility locations; it is dissemination of system data; it is holding public hearings and meetings throughout the county with all concerned and interested local entities, groups and officials on exact details of the project, along with discussions of how rapid transit will affect each and every community in the county. In short, this is the work which will establish a clear definition of the project upon which the public can make an informed and intelligent decision at the polls.

To pay for this preliminary work our Transit Board endorses your committee's recommendation that a \$1.00 license fee tax be levied one year only on each motor vehicle registered in the District area. This one-time tax will produce approximately \$3.9 million dollars.

Our second choice recommendation would be a 1/10th of 1% 'in lieu' tax for one year only on each motor vehicle registered in the District, which tax would produce approximately \$3 million dollars on a one-time levy.

The revenue from either of these small taxes would be sufficient to cover the cost of the preliminary work required for a vote on long term rapid transit financing.

I must point out that our Transit Board strongly recommends that any tax for preliminary rapid transit funds be levied directly by the State Legislature or County Board of Supervisors without referral to a county-wide vote.

The amount of money to be derived from a one-time levy of either of these small taxes does not justify holding an election. Very likely, it would take as much time and cost as much money to inform the community on the need for preliminary funds as it would to go to an election on the major long term financing question. And regardless of the outcome of a vote on preliminary money, the whole process could delay rapid transit in Southern California for at least a year and maybe as long as five or more.

In providing preliminary financial help directly, the Legislature or Board of Supervisors would be simply giving our Rapid Transit District the same kind of help that was given to the San Francisco Bay Area Rapid Transit District and the new transit agency in San Mateo County. From its very inception San Francisco was provided a five-cent property tax authorized directly by the Legislature, not the local voters. San Mateo received a one-cent property tax to be levied by their County Board of Supervisors.

With preliminary money San Francisco was able to engineer its system and inform local communities in the area on rapid transit routes, stations and parking locations and the economic effects of rapid transit on each community in the area. Now San Francisco has their rapid transit system under construction, following a successful bond election in 1962. The people of San Francisco will be riding in their system by 1968.

POSITION ON SUGGESTION THAT MORE CITIZEN POLICY BOARDS ON RAPID TRANSIT BE CREATED

Turning to the matter of citizen participation in the rapid transit program, the Transit District welcomes and must have broad community support to implement the rapid transit program.

But the Transit District Board of Directors is firmly opposed to the establishment of any additional groups, boards or commissions for the purpose of making rapid transit policy and conducting more studies.

The responsibility to develop rapid transit, to plan the type of equipment, routes, the manner in which transit taxes and revenues should be utilized was placed by the Legislature in the Southern California Rapid Transit District Board and we feel this responsibility is where it belongs. The citizen members of this Board are duly appointed by elected officials representing all the cities, the county and every segment of the community . . . not any particular special interest or group or geographical location within the county. We believe that to create new rapid transit policy boards or new groups to conduct more studies of the problem such as we've had for over 40 years now, would only confuse the issues, dilute the responsibility of the Rapid Transit District and further delay the advent of rapid transit.

When the issue is placed before the voters public-minded citizens will, as in the past, join in teamwork efforts to support this vital community project.

Let me say in closing that there is probably no single best or only solution to the complex problem of financing rapid transit. But, Mr. Chairman, we have presented to you today what, in our judgment, is a fiscally sound and equitable rapid transit financing plan, and one we feel will be acceptable to the community.

As in the past, we pledge our complete and continued cooperation with your committee in developing a workable solution to the rapid transit financing dilemma.

Mr. Chairman, I will be pleased to answer any questions you or other committee members may have at this time.

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CITY SELECTION COMMITTEE

Southern California Rapid Transit District

Minutes of the Regular Meeting of the Members of the
City Selection Committee of the District

September 23, 1965

Upon notice duly given, the members of the City Selection Committee met in Room 1138 of the State Building, 107 South Broadway, Los Angeles, California, at 9:00 a.m. on September 23, 1965, at which time Chairman Burton E. Jones called the meeting to order.

Chairman Jones requested the Secretary to call the roll of members.

Chairman Jones declared a quorum present as members of the City Selection Committee representing more than 50% of the total number of votes of all the members of the City Selection Committee were in attendance.

Dr. Robert F. Brandon of Burbank announced that a tour of the Bay Area Rapid Transit District test track facilities had been arranged for the members of the Los Angeles County delegation attending the California League of Cities meeting in San Francisco.

The Chairman asked for nominations of persons to serve as officers of the City Selection Committee. The following were nominated:

Chairman	- Ralph A. Harper, San Fernando
Vice Chairman	- Robert G. Beverly, Manhattan Beach
Recording Secretary	- Edwin W. Wade, Long Beach

It was moved that the Secretary be instructed to cast a unanimous ballot for the election of the above named persons to such offices. The motion was seconded and unanimously carried.

The Chairman declared that nominations were open for election of the four City Selection Committee members of the Board of Directors of the District. The following persons were nominated to represent the City Selection Committee on the Board of Directors of the District:

Corridor A - Kermit Bill, Huntington Park
Corridor B - Leonard Horwin, Beverly Hills
Corridor C - Allan F. Daily, Jr., Glendale
Corridor D - Harry A. Faull, Pomona

It was moved that the Secretary be instructed to cast a unanimous ballot for the election of the above named persons to the office of members of the Board of Directors of the District. The motion was seconded and unanimously carried.

There was no new business brought before the meeting.

It was moved that the meeting be adjourned. The motion was seconded and unanimously carried.

Ralph A. Harper
Chairman