

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

October 21, 1969

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

October 21, 1969

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 10:00 a.m. on October 21, 1969, at which time President Kermit M. Bill called the meeting to order.

Directors Kermit M. Bill, Charles E. Compton, Leonard S. Gleckman, David K. Hayward, Michael E. Macke, Don C. McMillan, Thomas G. Neusom, Douglas A. Newcomb and Norman Topping were present. Directors A. J. Eyraud, Jr. and Herbert H. Krauch were absent.

Also present were General Manager Samuel B. Nelson; General Counsel Milton McKay; Assistant General Manager for Operations George F. Goehler; Assistant General Manager for Rapid Transit Development Jack R. Gilstrap; Assistant General Manager for Engineering Richard Gallagher; Controller-Auditor-Treasurer H. L. Black; Secretary Virginia L. Rees; and the public.

Approval of Minutes

The Minutes of the Regular Meeting held October 2, 1969 were approved.

Temporary Route Diversions

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

RESOLUTION NO. R-69-233

RESOLVED, that the temporary route diversions caused by construction work affecting Lines 10, 21, 34, 53A, 54, 64, 89, 94, 103, 117 and 119, as described in report dated October 13, 1969 filed with the Secretary, be and the same are hereby ratified and confirmed.

Changes of Bus Stop Zones

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

RESOLUTION NO. R-69-234

RESOLVED, that the report dated October 13, 1969 relating to bus stop changes, filed with the Secretary, be and the same is hereby ratified and approved.

Report of Purchasing Agent - Report of Sale Orders & Sales of Surplus, Obsolete or Used Material, Supplies or Equipment for the Period of July 1, 1969 through September 31, 1969

Pursuant to Section 9.8 of the Rules and Regulations, the Purchasing Agent submitted Report of Sale Orders & Sales of Surplus, Obsolete or Used Material, Supplies or Equipment for the Period of July 1, 1969 through September 31, 1969, which Report was ordered "Received and Filed." A copy of the Report is filed with the Secretary.

Report of Purchasing Agent - Statement of Purchases Over \$99.99, Except Routine Purchased Material or Supplies for Stock and for Ordinary Repairs

Pursuant to Section 8.2 of the Rules and Regulations, the Purchasing Agent's Statement of Purchases Over \$99.99, Except Routine Purchased Material or Supplies for Stock and for Ordinary Repairs, submitted October 2, 1969, was presented to the meeting and was ordered "Received and Filed." A copy of the Report is filed with the Secretary.

Approval of Sale of Surplus 1965 Plymouth "8" 2-Door Sedan, Unit No. 504 to Mr. William Pollock

After discussion, on motion of Director Compton, Chairman of the Surface Operations Committee, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-69-235

WHEREAS, the Surface Operations Committee on October 28, 1969 considered General Manager Samuel B. Nelson's report dated October 17, 1969 advising that

a. Pursuant to Resolution No. R-69-176 adopted August 5, 1969, the Purchasing Agent issued invitations to bid (Bid No. 10-6908-S) for the sale of the nineteen (19) surplus automobiles and trucks described in said resolution, and that in response thereto thirteen (13) of such units were disposed of at above the advertised minimum bid prices, but that no bids were received on six (6) of the units, numbered 485, 486, 500, 503, 504 and 516, and

b. Subsequent to the bid opening, the Purchasing Agent received an offer of \$451.00, or \$1.00 above the minimum bid price, for Unit No. 504, a 1965 Plymouth "8" 2-door sedan, from a Mr. William Pollock,

and recommending that the offer of Mr. William Pollock to purchase Unit No. 504 at \$451.00 be accepted; and

WHEREAS, the General Manager further advised that the sale of all of said surplus automobiles and trucks had been approved by the Consulting Engineer and by General Counsel Milton McKay; and

WHEREAS, the Surface Operations Committee approved the General Manager's recommendation that the offer of Mr. William Pollock to purchase surplus Unit No. 504 at \$451.00 be accepted;

NOW, THEREFORE, BE IT RESOLVED, that the offer of Mr. William Pollock to purchase surplus 1965 Plymouth "8" 2-door sedan, numbered 504, for \$451.00, pursuant to Section 9.5 E of the Rules and Regulations be and hereby is accepted.

Approval of Lease Agreement - J. W. Nicks Construction Company, Lessee - Portion of Macy Yards Property

After discussion, on motion of Director Compton, Chairman of the Surface Operations Committee, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-69-236

WHEREAS, the Surface Operations Committee on October 20, 1969 considered General Manager Samuel B. Nelson's report dated October 17, 1969 recommending that the District enter into a lease agreement with J. W. Nicks Construction Company, as Lessee, covering an approximately 84,650 square foot parcel at the southeasterly corner of the District's Macy Yards property for use as an asphalt reclaim plant and storage of spoil and reclaimed material for a one-year term commencing December 1, 1969 at a monthly rental of \$1,400.00 and providing for the fencing of said premises at Lessee's expense and for proper control to prevent interference with other tenants on the property, with a 180-day cancellation provision by either party at any time after the commencement of the term of the lease; subject to waiver of compliance with Section 9.10 of the Rules and Regulations and form of agreement subject to approval of General Counsel Milton McKay; and

WHEREAS, the Surface Operations Committee approved the General Manager's recommendation that the District enter into such lease agreement;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager be and he hereby is authorized to execute on behalf of the District a lease agreement between the Southern California Rapid Transit District, Lessor, and J. W. Nicks Construction Company, Lessee, covering an approximately 84,650 square foot parcel located at the southeasterly corner of the District's Macy Yards property for use as an asphalt reclaim plant and for the storage of spoil and reclaimed material for a one-year term commencing December 1, 1969 at a monthly rental of \$1,400.00 and providing for the fencing of said premises at Lessee's expense and for proper control to prevent interference with other tenants on the property, with a 180-day cancellation provision by either party at any time after the commencement of the term of the lease; subject to waiver of compliance with Section 9.10 of the Rules and Regulations and form of agreement subject to approval of General Counsel Milton McKay.

Approval of Scrap Metals Contract - Emilo Ferro, Buyer

After discussion, on motion of Director Compton, Chairman of the Surface Operations Committee, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-69-237

WHEREAS, the Purchasing Agent on July 23, 1969 called for bids (Bid No. 9-6923 S) on the sale of the District's scrap metals for a one-year period, in accordance with the Rules and Regulations; and

WHEREAS, only two bids were received on September 23, 1969 in response to said Bid No. 9-6923 S; i.e., Emilo Ferro and Globus Metals, and the Purchasing Agent has certified Emilo Ferro as being the highest responsible bidder; and

WHEREAS, the Surface Operations Committee on October 20, 1969 considered General Manager Samuel B. Nelson's report dated October 17, 1969 recommending that the award of bid and contract for the

sale of the District's scrap metals for a one-year period commencing October 21, 1969 be made to Emilo Ferro, the highest responsible bidder; and

WHEREAS, the Consulting Engineer and the General Counsel have approved the sale of the District's scrap metals; and

WHEREAS, the Surface Operations Committee on October 20, 1969 concurred in the General Manager's recommendation for the sale of said scrap metals;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager be and he hereby is authorized to execute on behalf of the District a contract between the Southern California Rapid Transit District, as Seller, and Emilo Ferro, as Buyer, covering the sale of the District's scrap metals for a one-year period commencing October 21, 1969, pursuant to Section 9.7 D of the Rules and Regulations; form of contract subject to approval of the General Counsel.

Approval of Payment of Membership Dues - Greater Los Angeles Chapter of National Safety Council

After discussion, on motion of Director Gleckman, Chairman of the Finance & Governmental Affairs Committee, seconded and unanimously carried, the following resolution was adopted:

RESOLUTION NO. R-69-238

WHEREAS, the Finance & Governmental Affairs Committee this morning considered General Manager Samuel B. Nelson's report dated October 20, 1969, in which he set forth the benefits accruing to the District from its membership in the Greater Los Angeles Chapter of the National Safety Council, and recommended that said membership be renewed for a one-year period commencing November 1, 1969 and that the Treasurer be authorized to pay the annual membership dues in the amount of \$1,511.00; and

WHEREAS, General Counsel Milton McKay has approved the renewal of the District's membership in the organization; and

WHEREAS, the Finance & Governmental Affairs Committee concurs in the General Manager's recommendation as contained in report dated October 20, 1969 presented to the Committee;

NO, THEREFORE, BE IT RESOLVED, that the membership of the Southern California Rapid Transit District in the Greater Los Angeles Chapter of the National Safety Council be and hereby is renewed for a one-year period commencing November 1, 1969; and

RESOLVED FURTHER, that the Treasurer and/or Assistant Treasurer be and he hereby is authorized to pay to the Greater Los Angeles Chapter of the National Safety Council the sum of \$1,511.00 as membership dues for the one-year period commencing November 1, 1969.

Operating Report for the Month of September, 1969

The Operating Report for the Month of September, 1969 was presented to the meeting and was ordered "Received and Filed." A copy of the Report is filed with the Secretary.

Report on Appraisal of Macy Yards Property - H. R. Hudson, Appraiser

Director Compton, Chairman of the Surface Operations Committee, reported to the meeting on the appraisal of the District's Macy Yards property made by H. R. Hudson, Appraiser:

"At the meeting of the Surface Operations Committee on October 20, Mr. Nelson reported to the Committee the results of the Macy Yards appraisal which the Board had authorized at its meeting on July 1. The appraisal indicates a fair market value of the property at \$1,583,500.00, and that the best use of the premises would be for a non-conforming industrial use due to the excess of land to building ratio and the conglomerate arrangement of the buildings. The appraisal further states that the present leases on the property are making the best use of the property, not only for the present but for an interim period. These factors are important, since the property is being considered

"for exchange in connection with the proposed Express Busway project.

The appraiser also recommended against leases which would create a steady flow of traffic and personnel across the site due to the problem of security and the fact that there are only two access points to Mission Road.

As a result of this report, Mr. Nelson advised the Committee that it appears that the leases presently in effect, including the one approved by the Board at today's meeting, conform to the recommendations contained in the appraisal, and are resulting in a rate of return to the District equal to or above the fair market value on those portions of the property which are under lease.

Also, at yesterday's meeting, Mr. Nelson reported to the Committee with respect to an opinion he had received from General Counsel McKay concerning disposition of the proceeds from sale of real property. This opinion had been requested to ascertain whether proceeds received from the sale of real property could be used for operating expenses of the District or if it was necessary that they be deposited in the Depreciation Reserve Fund and used only for capital expenses.

The opinion states that proceeds received from ordinary rental or other similar income received from the lease of property constitutes revenues to the District, are paid into the Revenue Fund and thence into the Operations Fund. These moneys may be used to meet operating expenses.

However, proceeds from the sale of real property must be deposited in the Depreciation Reserve Fund and cannot be used for operating expenses.

Due to the District's present financial condition, it would appear that the District is pursuing the proper course in leasing properties such as those as Macy Yards and Vernon Yards, and using the proceeds for payment of operating expenses, rather than disposing of the properties at the present time and being forced under the provisions of the Trust Indenture to deposit proceeds from such sales into the Depreciation Reserve Fund."

Report on Public Information Program - Exact Fare Program

Director Macke, Chairman of the Public Information & Marketing Committee, called upon Director of Public Information Richard L. Manning to report on the Exact Fare public information program.

Mr. Manning illustrated his presentation by the projection of slides of the television commercials and played tapes of the radio commercials publicizing the Exact Fare Program, and reviewed the highlights of the public information program.

After discussion, on motion of Director Macke, seconded and unanimously carried,

The Board of Directors commended the District Staff, including the Motor Coach Operators, and the Bank of America, the Security Pacific National Bank, the Union Bank and Sav-On Drug Stores, and all other firms or individuals for their contribution to the success of the inauguration of the Exact Fare Program on October 12, 1969.

General Manager Nelson stated that the District Operators should be recognized as it was through their efforts and the cooperation they gave the traveling public which contributed so much in making the Exact Fare Program a success, and that he intended to commend them for this on-going program.

Mr. Kenneth R. Moore, General Chairman of the United Transportation Union, thanked the Board of Directors, General Manager Nelson and Assistant General Manager George F. Goehler for making the Exact Fare Program a reality.

Report of General Manager

General Manager Nelson reported on the activities of the District since the last Regular Meeting held October 2, 1969. A copy of the Report is attached to these Minutes as Exhibit 1.

Assistant General Manager for Rapid Transit Development Jack R. Gilstrap was requested to arrange a tour for the members of the Board of Directors of the proposed Express Busway Project route.

Next Regular Meeting

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

RESOLUTION NO. R-69-239

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, November 18, 1969, at 10:00 a.m.

There being no further business, the meeting adjourned.

VIRGINIA L. REES
Secretary

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

General Manager's Report
For Board Meeting, October 21, 1969

Director Macke briefed us on the Exact Fare activities undertaken by the Public Information Department, and also, Mr. Manning has done an excellent job, and I am sure that we have discussed this quite fully.

I'd like to, now, summarize the overall conversion from regular to locked fare boxes, and the events that transpired during this historic, and I believe it is historic, occurrence.

As you know, the Exact Fare Program was initiated on Sunday, October 12, 1969. Despite the magnitude of this undertaking, the transition was exceptionally smooth. It was quite evident that the public was well informed concerning the program and complaints were at a minimum. In fact, there were many compliments from the District's passengers, which indicated that they found the new system speeded loading and actually smoothed out the entire fare transaction. It is evident that one of the reasons for this smooth transition was due to the fact that the prepayment methods made available to the public were being utilized. Revenue from monthly passes, and from the new multi-zone stamps attached to passes, was up 34% in October over similar sales in September. Nearly 13,000 zone stamps, at \$3.50 each, were sold and each of these stamps represents a twice daily transaction involving 8¢ which did not go through the fare box as cash. Sales of ticket books of various denominations through the District offices have been excellent.

Token use was light on Sunday, the initial day of the Exact Fare; however, the trend now indicates an increasing number of regular riders are availing themselves of the 30 cent token. On Wednesday of last week, 9,000 passengers used tokens. This is more than triple the number used prior to the Exact Fare, and an increasing trend is evident. The Bank of America, Sav-On Drug, Security Pacific National Bank, and Union Bank have all requested replenishment of their initial token allotments, which amounted to more than 360,000 tokens.

The number of passengers requiring redemptions because they did not have the Exact Fare has decreased throughout the past week. On the initial Sunday, 497 envelopes were used throughout the system, while on Monday, 581 such envelopes were used despite the almost three times as much riding as on Sunday. On Tuesday, 310 envelopes were used; on Wednesday, 170 envelopes; on Thursday, 191 envelopes; on Friday, 129; and on Saturday, 137 envelopes were used. This indicates that less than 3/100's of 1% of the District's riders did not have the Exact Fare.

The on-time performance of the District's buses has been excellent during this entire period and, while it is too early to predict a trend, there appears to have been an improvement in the accident rate. Again, while it is difficult over such a short period of time to forecast the effect that this change has had on the District's revenue, it appears that revenue has not been adversely affected by the change. As of this date, buses in all of the District's major Divisions have been equipped with locked type fare boxes. Pending completion of permanent facilities, a temporary central cash counting room has been set up. The equipment developed for use in this room by the District's staff has proven effective in sorting and counting nearly one million coins that are being received in the locked boxes daily.

We believe that the favorable reaction from the public, the press and various political entities with respect to this program reflects credit upon the District.

On invitation from Senator Alquist, Chairman of the Rapid Transit Subcommittee of the Senate Transportation Committee, Mr. Gilstrap accompanied Committee members on a tour of major transit systems in the East, which proved to be very informative. Following the trip Senator Alquist came to Los Angeles and, in addition to appearing on a local TV show, held a press conference at which time he expressed strong support for rapid transit and stated that he would recommend to the Senate new means for financing rapid transit, including a diversion of gas tax revenues.

District Board and staff members participated in a number of activities held in connection with the Montreal meetings of the American Transit Association and the Institute for Rapid Transit, including the important legislative conferences held to discuss the Administration's new transit financing bill.

We were fortunate to spend some time with Senator Harrison Williams of New Jersey, and his staff. The Senator is a long-time supporter for transit aid and favors the trust fund approach to transit funding. He was presented with the ATA "Transit Man of the Year" award. This was the first year of this event, which is known as the Jesse L. Haugh Memorial Award.

On recommendation of its legislative committee, the ATA went on record as favoring the trust fund as the best means of financing rapid transit. Pointing out that the administration bill currently falls short of the trust fund method of financing, ATA, in its action, emphasized that the minimum acceptable legislation to ATA is the Administration bill, with the inclusion of the Williams' amendments calling for a five-year fund commitment authority, instead of a year-to-year program as now contemplated by the Administration bill.

I'm pleased to report that according to reports from the Senate hearings last week, the Administration is prepared to accept the Williams' amendments. We were fortunate in having several conversations with Board members and staff that attended the conference in Montreal with Senator Williams, and we believe we have a strong supporter on these amendments, and it appears from conversations with the DOT people in Montreal that the Administration is sympathetic with the Williams amendments. We hope this is true because this will be a continuing financing program rather than going annually before committees and pleading for financing each year.

Last Thursday, Secretary Volpe was given a tour by helicopter of the proposed San Bernardino Freeway busway during the peak morning period. Mr. Gallagher and Mr. Gilstrap accompanied the Secretary on this flight which gave them an opportunity to give the Secretary firsthand information on Los Angeles traffic and transit problems. I am informed it was excellent weather conditions and that the jam on the San Bernardino Freeway was at its peak.

The Secretary held a press conference in the Biltmore Hotel which was followed by the annual Central City luncheon meeting at which the Secretary was the speaker. The Secretary spoke out strongly on the need for increased aid to urban mass transportation and, in addition, he defended the workability of the contract authority as a means of financing long range capital improvements for rapid transit. He also indicated the Administration's acceptance of the requested strengthening of the contract authority and five-year fund commitment provisions.

Mr. Stubbs attended the Senate Banking & Currency Hearings in Washington, D.C. last week on the Administration's transit bill. He has been working closely with members of our California delegation on amendments to the House version of the Housing Bill which would incorporate the interim one-year UMTA authorization of \$300 million for transit aid and extension of the emergency 50% grant provisions which are so important to Los Angeles. These amendments would continue the UMTA program in case the major Administration bill does not pass this year. Congressman Hanna is scheduled to offer these amendments on the floor today.

Members of the staff met with the top level management of the Community Redevelopment Agency for a discussion of the District's relationship to the transportation problems of the CRA and to consider various cooperative efforts to find a solution. The CRA is particularly concerned with providing distribution systems within the Bunker Hill Project as well as between the latter and their soon to be developed project. For realization of the full potential of their projects, they see as an ultimate necessity a

) full scale rapid transit system, providing not only improved access between points within the Central Business District, but also between the Central Business District and outlying areas.

A District representative spent a full day at a meeting of Assemblyman Priolo's Santa Monica Bay Area Citizens Freeway Committee on the problem of routing the Pacific Coast Freeway (Route 1) through the Santa Monica area and its relation to rapid transit planning.

On October 3, 1969, the Los Angeles City Council passed a resolution complimenting the District on its Exact Fare program. You will recall that at the last Board meeting we displayed a similar resolution which had been received from the County Board of Supervisors. These resolutions are being displayed at various divisions so that operating personnel are made aware of the recognition given to the Exact Fare program.

On October 14, the Amalgamated Transit Union membership voted to accept the labor contract which was approved by the Board at its meeting on October 2, subject to ratification by the Union membership.

Finally, to add to the growing numbers of visitors to the District, transit and other public officials from Queensland, Australia, Hamburg, Germany and Japan were given briefing and tours of the District during the last month. This morning I met with the General Manager of the Auckland Regional Authority from New Zealand and the Chairman of the International Airport Committee, and I plan to have lunch with them today, Mr. E. A. Flynn, General Manager, Auckland Regional Authority and Mr. Ian W. McKinnon of the International Airport Committee. They are now inspecting our shops and dispatch headquarters.

That concludes my report.

kb