

~~FOR THE BOARD OF DIRECTORS~~ CEM

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

March 6, 1980

Upon notice duly given, the Board of Directors of the Southern California Rapid Transit District met at a regular meeting in the Council Chambers, Glendale City Hall, 613 E. Boardway, Glendale, California, at 2:15 p.m. on March 6, 1980 at which time President Marvin L. Holen called the meeting to order.

Directors Present:

David K. Hayward
Marvin L. Holen
Gerald B. Leonard
Mike Lewis
Carl Meseck

Thomas G. Neusom
Jay. B. Price
Ruth E. Richter
Charles H. Storing

Directors Absent:

Donald Gibbs
George Takei

Staff Present:

Jack R. Gilstrap, General Manager
Richard T. Powers, General Counsel
Jack T. Stubbs, Assistant General Manager for Administration
George L. McDonald, Manager of Planning & Marketing
Joe B. Scatchard, Controller-Treasurer-Auditor
John S. Wilkens, Manager of Employee Relations
Richard Gallagher, Manager & Chief Engineer, Rapid Transit
Helen M. Bolen, District Secretary

Also present were members of the news media and the public.

Resolution
No. Assigned

Award of Contract Covering Fire Protection Equipment

On motion of Director Meseck, seconded and carried as noted below, Agenda Item No. 1 was approved and the following resolution adopted:

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

R-80-098

RESOLVED, that the General Manager is authorized to award a contract to Mike Green Fire Equipment Company, 8717 Venice Blvd., Los Angeles, the lowest responsible bidder under Bid No. 2-8001 covering inspection and servicing of fire protection equipment at an estimated cost of \$50,000 for a two-year contract period; form of contract subject to approval of the General Counsel.

Receive Report on Financial Outlook and Setting of Date for Public Hearing Relating to Possible Fare Increase

President Holen commented on the District's funding problems, many of which have been brought about because of spiraling inflation. He stated that the District is a victim of its own success; as many people are turning toward public transportation. Farebox revenues cover approximately 40% of the cost of providing transportation. The District based many assumptions on a 12% inflation

Resolution
No. Assigned

factor for this fiscal year, yet the inflationary rate for January annualizes to a 24% increase. The District is a very labor intensive organization; labor contracts guarantee a Cost of Living adjustment quarterly, with the adjustment for March being nearly double what had been budgeted.

The District is facing an approximate \$3.7 million deficit at the current fare structure and current service levels.

General Manager Gilstrap reported on significant increases in labor costs and materials such as diesel fuel, insurances even though the District has experienced a decrease in the number of accidents. He forecasted a \$3.5 million shortfall this fiscal period, with a projected \$33 million shortfall in the next fiscal period, assuming no increase in fares, no changes in current subsidies and no service cuts.

Mr. Gilstrap reported that his report dated March 5, 1980, a copy of which is filed with the Secretary, offers two options that are within the District's control; i.e. 1) reduce service, and 2) raise fares. He indicated that this report also includes a list of lines that are

Resolution
No. Assigned

under the 20 passengers per bus hour. However, he cautioned that these low productivity lines should not be eliminated as they are essential feeders for the arterial system.

One solution is to move a proposed July fare increase forward to mid-April or early May. This action would offset the deficit anticipated for this fiscal year, and would offset all but approximately \$9-10 million of the deficit projected for Fiscal Year 1981. This is based on a fare increase of 10¢ increase in the base fare, a 10¢ transfer charge and a \$4.00 per month increase in all passes.

Mr. Gilstrap indicated that there are other actions that can be taken to help meet the projected deficit. He mentioned funds that are available through the Los Angeles County Transportation Commission that have been ear-marked for Fiscal Year 1982, which could be used in Fiscal Year 1981. He also mentioned conversely that the Jarvis II Initiative would dry-up tax revenues and hurt transit properties in the State; also, sales tax funds could be generated at a higher level than forecasted and inflation might

Resolution
No. Assigned

subside. He stated that in terms of economies, support staff has been reduced in an amount, equalling approximately \$1 million to help reduce expenses.

In conclusion, Mr. Gilstrap stated that he is recommending as the best course of action to meet this problem the setting of a date for public hearing on a fare increase, with the proposed fare increase to take place in mid-April or May first at the latest.

President Holen stated that the earliest possible date for a public hearing would be Saturday, April 5; however, because of holidays April 12 seems to be the best date. He also suggested the dates of Monday, April 14 or Thursday, April 17 for a Special Meeting to consider raising fares, with fare increases to be effective by the first of May.

On motion of Director Meseck, seconded and carried, the Board set the date of public hearing for Saturday, April 12 at 10:00 a.m.

On motion of Director Hayward, seconded and carried, with Director Lewis voting "No", the Board set the date of Special Board Meeting for Monday, April 14, 1980 at 10:00 a.m.

Resolution
No. Assigned

Upon inquiry, Director Lewis indicated that he would be out of town and not available for a Special Board Meeting the week of April 13th. Director Hayward suggested that the Special Board Meeting be scheduled for 3:00 p.m. on Saturday, April 12, immediately following the public hearing. General Counsel Powers addressed the Board, indicating that while it was legally possible to hold the Board Meeting the same day as the public hearing, the UMTA regulations state that the Board will consider the environmental impacts and it would be much better if a couple of days were to lapse between the public hearing and the Special Board Meeting so that the Board can show that they have had the opportunity to give due deliberation to what they heard at the public hearing. Upon inquiry, Mr. Powers indicated that while the District's position would be defensible if the Special Board Meeting were held the same day he felt that public perception of the Board's action would be more favorable if there were some time between the public hearing and the Special Board Meeting and would better meet the spirit of the law.

Resolution
No. Assigned

Director Richter suggested convening the public hearing at 3:30 p.m. on Thursday, April 10, immediately following the Regular Board Meeting scheduled for this day, with the public hearing to last through the evening, closing no earlier than 9:00 p.m., with the Special Meeting to be held on Saturday, April 12 at 10:00 a.m. On motion of Director Meseck, seconded and carried as noted below, the Board concurred in this suggestion and the following resolution was adopted:

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

R-80-099

RESOLVED, that a public hearing will be held on Thursday, April 10, 1980 at 3:30 p.m. in the Board Room, Second Floor, 425 South Main Street, Los Angeles, for the purpose of receiving comments on a possible fare increase;

RESOLVED FURTHER, that a Special Board Meeting will be held on Saturday, April 12, 1980 at 10:00 a.m. to consider setting of fares.

Resolution
No. Assigned

Report of Nominating Committee and Election
of Officers

President Holen reported that the Nominating Committee, consisting of Directors Price, Storing and Holen, had met earlier in the day to consider nominations for the offices of President and Vice-President. He reported that it is the Nominating Committee's recommendation that Director Neusom be nominated for President and Director Richter be re-elected for the office of Vice-President. On motion duly made, seconded and unanimously carried, the nominations were closed. On motion of Director Leonard, seconded and carried as noted below, the following resolution was adopted:

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

R-80-100

RESOLVED, that Director Thomas G. Neusom is elected President of the Board of Directors of the District for a one-year term commencing March 6, 1980;

RESOLVED FURTHER, that Director Ruth E. Richter is re-elected Vice-President of the Board of Directors for a one-year term commencing March 6, 1980.

Resolution
No. Assigned

Administering of Oaths of Office

District Secretary Bolen administered the oaths of office to President Neusom and Vice-President Richter. Copies of the oaths are on file with the Secretary.

Statement by President Neusom

President Neusom assumed the Chair and thanked the Board for their expression of confidence in him. He stated that he will do everything within his ability to make 1980 a year of progress for the District.

Adoption of Resolution Designating Persons Authorized to Sign Checks, Drafts or other Orders

On motion of Director Holen, seconded and carried as noted below, the following resolution was adopted:

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

R-80-101

RESOLVED, that Lloyds Bank California, or Security Pacific National Bank, each as a designated depository of the Southern California Rapid Transit District be and they (including their correspondent banks) are hereby authorized, requested and directed to honor all checks, drafts or other orders for the payment of money drawn in the District's name on its

Resolution
No. Assigned

R-80-101
Continued

account (including those drawn to the individual order of any person or persons whose names appear thereon as signer or signers thereof) when bearing the signature or facsimile signatures of the following, as incidated:

| <u>Signed by:</u> | <u>Countersigned by any of the following:</u> |
|--------------------------------------|--|
| J. B. Scatchard Treasurer | Thomas G. Neusom President |
| F. M. Carr Assistant Treasurer | Ruth E. Richter Vice-President |
| R. J. Miller Assistant Treasurer | Jack R. Gilstrap General Manager |
| Frances Handa Assistant Treasurer | Samuel M. Black General Manager Pro Tempore |
| | Jack Stubbs General Manager Pro Tempore |
| | George L. McDonald General Manager Pro Tempore |
| | Richard Gallagher General Manager Pro Tempore |

and Lloyds Bank California, or Security Pacific National Bank (including their correspondent banks) shall be entitled to honor and to charge the District for all such checks, drafts or other orders for the payment of money, regardless of by whom or by what means the actual facsimile signature or signatures thereon may have been affixed thereto, if such facsimile

Resolution
No. Assigned

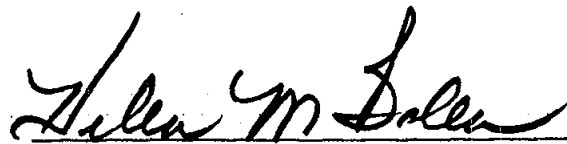
R-80-101
Continued

signature or signatures resemble the facsimile specimens from time to time filed with Lloyds Bank California, or Security Pacific National Bank by the Secretary or other officer of the District. That all previous authorizations for the signing and honoring of checks, drafts or other orders for the payment of money drawn on the said Lloyds Bank California, or Security Pacific National Bank by the District are hereby continued in full force and effect as amplified hereby.

RESOLVED FURTHER, that the President and Secretary be and they are hereby authorized to execute a Certificate of Authority of Officers to Lloyds Bank, or Security Pacific National Bank certifying that the officers named therein have been duly elected and are now qualified to sign as such officers on behalf of the District; that the specimen signatures appearing opposite the names and titles on the Certificate of Authority of Officers are the genuine signature of such officers and that Lloyds Bank California, or Security Pacific National Bank are authorized to recognize these signatures until written notice to the contrary is given to said Bank or Banks.

There being no further business, Director Holen moved that the meeting be adjourned, which motion was seconded and carried, and the meeting adjourned at 2:55 p.m.

Director Holen also thanked Director Meseck for allowing the Board the opportunity to hold this meeting in the City of Glendale.


District Secretary