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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

June 9, 1980

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, at 10:00 a.m. on June 9, 1980, at which time President Thomas G. Neusom called the meeting to order.

Directors Present:

Donald Gibbs (entered at 10:30 a.m.)	Thomas G. Neusom
David K. Hayward	Jay B. Price
Marvin L. Holen	Ruth E. Richter
Gerald B. Leonard	Charles H. Storing
Mike Lewis (entered at 10:50 a.m.)	George Takei

Director Absent:

Carl Meseck

Staff Present:

Jack R. Gilstrap, General Manager
 Samuel M. Black, Manager of Operations
 Richard T. Powers, General Counsel
 Joe B. Scatchard, Controller-Treasurer-Auditor
 George L. McDonald, Manager of Planning & Marketing
 Jack T. Stubbs, Assistant General Manager for Administration
 John S. Wilkens, Manager of Employee Relations
 David D. Dominguez, Manager of Human Relations
 Robert G. Williams, Manager of Customer Relations
 Helen M. Bolen, District Secretary

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

Resolution
No. Assigned

President Neusom announced that the purpose of this Special Meeting of the Board of Directors was to consider adoption of a fare structure. In accordance with the requirements of the Urban Mass Transportation Administration, a public hearing had been held on this subject on Saturday, June 7, 1980 from 9:00 a.m. to 6:30 p.m.

President Neusom also stated that it is obvious from the reports of the General Manager, the Manager of Marketing, the Controller and the proposed budget and budget report that it is necessary to restructure the District's fares effective July 1, 1980 for the purpose of meeting operating expenses, especially employees' wage rates and fringe benefits, the increased cost of fuel and the increased reserves in the District's public liability and property damage and workers' compensation programs. He indicated he would entertain a motion that a resolution be adopted proclaiming this to be the official finding of the Board and that an exemption is, therefore, claimed from the provisions of the California Environmental Quality Act with respect to any fare structure adopted today.

Resolution
No. Assigned

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

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

R-80-249

WHEREAS, it is necessary to
restructure the District's fares effective
July 1, 1980 for the purpose of meeting
operating expenses, increased fuel costs
and increased insurance reserves;

NOW, THEREFORE, BE IT RESOLVED,
that it is the official finding of the
Board of Directors that any fare structure
adopted on this date would be used for those
purposes and that an exemption is, therefore,
claimed from the provisions of the California
Environmental Quality Act.

Recission of Fare Structure Adopted April 12, 1980

On motion of Director Price, seconded and
carried as noted below, the fare structure adopted
April 12, 1980 was rescinded in its entirety and
the following resolution was adopted:

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

Resolution
No. Assigned

R-80-250

RESOLVED, that Resolutions No. R-80-159 and No. R-80-160 adopted April 12, 1980, relative to a fare structure to be effective May 1, 1980, are hereby rescinded in their entirety.

Consideration of New Fare Structure

Director Holen stated that he believes one of the major difficulties in public acceptance of the fare structure adopted on April 12, 1980, was the fact that the basic increment of the fare structure quoted was the cash price rather than the monthly pass price. He moved that the basic method by which the public pays for use of the public transportation system be by monthly pass, with the cash price as an incidental element of the fare structure, which motion was seconded and carried as noted below and the following resolution was adopted:

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

R-80-251

RESOLVED, that the monthly pass is hereby declared to be the basic element of the District's fare structure.

Resolution
No. Assigned

For the record, Director Leonard stated that this action was just for general direction so that purchase of the monthly pass is encouraged but not mandated.

Director Hayward indicated that he would like information that would help the Board in arriving at a consensus for a fare structure; ie., how much for what period of time for what amount of projected deficit.

Messrs. Gilstrap and Scatchard reported on the funding from sources other than the farebox for Fiscal Year 1981. Based on all known possible subsidies, the projected deficit is \$25.7 million. However, the staff of the Los Angeles County Transportation Commission recommends subsidy levels of \$190 million which would leave a projected deficit of \$27.9 million. Mr. Scatchard also reported that these figures do not take into account the \$1.8 million cost of the June, 1980 Cost-of-Living Adjustment. The impact of this \$1.8 million COLA is in effect to give a higher base at the onset of the fiscal period.

Resolution
No. Assigned

There was further discussion concerning subsidy levels and the impact on the projected budget for the June COLA and the retention of the fourteen telephone information operator positions. Mr. Scatchard indicated that the projected deficit, at this point, was \$27.75 million based on a subsidy level of \$194 million, or \$29.75 million based on a subsidy level of \$190 million.

The Board considered various aspects of the fare structure currently in use, the fare structure proposed by staff, the fare structure adopted on April 12th, and variations thereof. After considerable discussion, Director Hayward set forth for consideration a fare structure that would generate \$24.4 million. He stated that this figure, coupled with the \$4.4 million recently 'found' by the Commission would equate to \$28.8 million, which is in the ballpark.

Director Takei raised the question of students. He proposed consideration of one discounted rate for elementary and secondary school students and another discounted rate for college students. General Counsel Powers addressed this issue, indicating that any consideration for post-secondary

Resolution
No. Assigned

student discounts should include students at vocational schools and could not be limited to college students.

The Board recessed for lunch at 12:05 p.m. and returned at 12:42 p.m. with all Directors except Director Meseck responding to Roll Call.

President Neusom announced that Director Leonard would be leaving at 1:30 p.m. If a consensus on a fare structure was not reached by that time or could not be reached without his vote, the meeting would recess until his expected return at approximately 3:00 p.m.

Director Hayward submitted for consideration a fare structure that would yield \$28.3 million, which was based on a \$24.00 monthly pass, a 65¢ cash fare, with Elderly and Handicapped fares at \$6.00 and 30¢, and student fares at 50¢ cash fare and a two-tier pass at \$15.00 and \$20.00, and \$8.00 express stamps. Also, this proposal priced transfers at 20¢ for regular riders and 10¢ for students and the elderly and handicapped, limited to one use. This proposal limits the elderly discounted price to those between the ages of 62 and 65 who could provide proof of retirement and unrestricted use for senior citizens over the

Resolution
No. Assigned

age of 65. Director Hayward moved approval of this fare structure, which motion was seconded by Director Price.

President Neusom stated that he would consider any comments on the question before the Board and then entertain a motion to recess to allow staff time to evaluate and consider the impact of the proposed fare structure.

Director Lewis stated that he would prefer to keep the pass price at \$25.00, with the first-tier of student pass at \$16.00 and he could then support the motion.

Director Holen asked how the proposed reduction of express zone stamps from \$10.00 to \$8.00 could affect the percentage costs for the commuter rider as compared to the non-commuter rider.

Director Gibbs said he would like to see the pass price raised to \$26.00 in order to generate \$30 million and keep the student and regular transfer charge at the same rate.

Director Takei said the \$25.00 pass price is a good buy and he echoed Director Gibbs' comments about the student fares.

Resolution
No. Assigned

Director Price indicated that he favored a \$25.00 regular pass and the \$16.00 first-tier student pass.

Director Richter indicated that she would prefer the \$25.00 pass and that she has no problems with the \$16.00 student pass.

Director Leonard indicated he would opt for the \$25.00 pass and the \$15.00 student pass.

Director Hayward commented that he is concerned about the transit dependent families and how the student fare, particularly the elimination of a cash fare, would affect them.

Director Storing indicated he favored the \$25.00 pass and the student cash discount should remain as presented originally. He further stated that he could not accept a price differential between high school and college students.

Director Hayward amended his motion increasing the monthly pass to \$25.00 and the first-tier student pass to \$16.00. He indicated that this amendment would increase the revenue projected by \$1.8 million. Director Price seconded the motion to amend.

Resolution
No. Assigned

Staff responded to Director Holen's question concerning percentages for commuters. The \$8 stamp would increase the commuter's fare to 42% of the cost and the \$10 stamp would increase the fare to 49% of the cost. Also, the projected increase in revenue, increasing the student pass to \$16 from the proposed \$15 would be \$.3 million.

Director Holen asked staff to comment on any substantial imbalances they might see in the proposed fare structure. Staff stated that they would recommend the establishment of a 20-ride book. This would take care of the many passengers for whom the purchase of a monthly pass would not be appropriate.

President Neusom stated his concern about the 65¢ fare and the one-use transfer. He indicated that he was not in favor of the 65¢ base fare unless there was a provision for a second use of the transfer. He asked what the financial impact of a second use of the transfer would be. Staff responded that \$.7 million would be generated by the sale of the one-use transfer, and \$.5 million would be generated by the payment of another fare on the third bus, therefore, a loss of \$.2 million would result from

Resolution
No. Assigned

a two-use transfer. Neusom indicated that there must be some way to purchase a second transfer to that we could solve this problem. Mr. Black, Manager of Operations, indicated that the purchase of a second transfer would pose some operational problems, but if it is the Board's desire to have a three-bus total ride, then something could possibly be worked out.

There was a straw vote concerning the purchase of the second transfer, with six affirmative votes, four negative votes, with one member absent.

In view of the time and Director Leonard's departure, the meeting recessed until approximately 2:30 p.m. to give staff an opportunity to appraise the energy conservation and environmental considerations of the proposed fare structure.

The meeting reconvened at 2:30 p.m. with all Directors except Leonard and Meseck responding to Roll Call.

President Neusom asked staff if they had had ample opportunity to review the proposed fare structure and invited their comments at this time.

Resolution
No. Assigned

Mr. McDonald, Manager of Planning & Marketing, stated that he would first comment on the fare structure.

He stated that the changes in the cash fares included in this alternative will result in an immediate loss in ridership. However, this loss will be recovered within 6-8 months. Staff believes this alternative will not result in a long-term adverse effect on energy conservation. The economic effect of these changes will lessen in time as inflation, incomes and the cost of other transportation continue to rise. The pass price acts as a mitigation measure because it is a better buy for regular use. On the transfer, Mr. McDonald stated that the two-use transfer will ease the economic effect on riders who cannot afford the purchase of a pass.

Mr. McDonald further stated that some alternatives have called for a larger increase in express steps which staff believes would cause some riders to return to their cars. Staff believes that the present alternative will not have a significant impact. Many of the riders expect an increase and the \$8.00 is fair. Overall, the

Resolution
No. Assigned

alternative before the Board will not significantly impact energy conservation in a negative manner nor will it have long-term economic, environmental and social effects. Staff believes these effects will be far less severe than those resulting from the alternative to a fare increase--a substantial reduction in service. Additionally, this alternative reasonably distributes the burden of the necessary increase.

Mr. McDonald also stated that staff has looked very carefully at the figures. The discussed alternative would raise an estimated additional \$29.1 million during the next fiscal period. Several of the assumptions made in the budget are such that if they turn adverse, it might be difficult to get through the year; i.e., 13% inflation rate, workers compensation, public liability/property damage insurance costs, diesel fuel, etc.

Staff also believes that the pass multiple of 38.4 rides is attractive. Staff also continues to decry the continuing disparity of the elderly and handicapped pass. The District continues to show a change in the number of passes we sell; i.e., an increase in the number of elderly and

Resolution
No. Assigned

handicapped and student passes; 60% of the passes sold are discount passes. Staff will continue to emphasize proper administrative procedures against abuse of the pass. Because we do not have additional funds to put buses on the streets, staff was in favor of peak-hour pricing.

Mr. Black, Manager of Operations, stated that he is concerned about the peak-hour ridership. He spoke about difficulties in administering the 62-65 elderly fares, also the two-tier student fares.

Mr. Black also indicated that staff has investigated some ideas on the transfers. He stated that there is a way to issue a transfer for two-rides and charge for the second ride.

Mr. Scatchard, Controller, stated that the figure of \$29 million puts the District in the middle of the two figures discussed earlier in the day. Secondly, the issue of whether to continue to accept paper money through the farebox is not settled. This issue has a price tag of \$400,000.

On motion of Director Gibbs, seconded and carried as noted below, the following resolution concerning a policy of no paper money in the farebox was adopted.

Resolution
No. Assigned

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

R-80-252

RESOLVED, a policy of not accepting paper money through the farebox, effective August 1, 1980, is hereby adopted, and the General Manager is authorized to include this policy in the District's tariff.

Staff indicated they would propose a two-week transition period beginning August 1, with notification to be given to all passengers at that time, with enforcement of the policy beginning August 15, 1980.

Director Hayward, after discussion by Director Gibbs, amended his motion on the fare structure to reflect a two-use transfer with a 20¢ charge for each use, which amendatory motion was seconded by Director Price.

On a Roll Call vote, Director Hayward's motion as amended failed as noted below:

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

Resolution
No. Assigned

There was discussion concerning the sale of ticket books. Director Holen indicated concern for the low income families that cannot afford the monthly pass. Mr. McDonald indicated that staff is proposing a range of 20-ride ticket books which would be priced in the range of the express fares proposed. Director Holen recommended the provision of ticket books at no discounted price in multiples of \$15.00 which can be purchased at the District's outlets and/or by mail, with no time limitations on their use.

The meeting was recessed until 3:15 p.m.

The meeting was reconvened at 3:15 p.m. with all Directors except Director Meseck responding to Roll Call.

Director Hayward restated his motion, which had been amended and seconded earlier in the meeting and called for the question. The motion failed as noted below on a Roll Call vote:

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

Resolution
No. Assigned

The dissenting members explained their reasons for voting against the proposal. Director Lewis indicated his opposition was because the proposal was about \$1 million short of the projected needs of the District. Director Gibbs and Storing indicated they wanted revenues to be generated in the amount of \$30 million and they want a one-use transfer.

In response to Director Holen's question, staff indicated that a \$1.00 increase on the express stamp would generate \$.1 or .2 million.

Director Hayward asked about the subscription fares and what impact the subscription fares would have on the projected \$29.1 million. Staff indicated that the subscription fares are a miniscule part of the fare structure and would not impact the estimate of generated revenues.

Director Hayward made a motion to increase the basic pass price to \$26.00 with all other fares in his previous motion to remain unchanged. This motion was seconded by Director Price. Staff indicated that this would generate approximately \$29.9 million.

Resolution
No. Assigned

President Neusom asked staff if they required time to analyze the impact of this change. Mr. McDonald indicated that this increase would not significantly impact energy conservation, nor will it have long-term economic, environmental and social effects.

On a call for the question, the fare structure, as indicated on Exhibit I, attached to these Minutes was approved by a Roll Call vote as indicated below and the following resolution adopted:

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

R-80-253

RESOLVED, that the fare structure outlined on Exhibit I to these Minutes is adopted, and the General Manager is authorized to include this fare structure in the District's tariff.

On motion of Director Gibbs, seconded and unanimously carried as noted below, the following resolution was adopted concerning implementation of the new fare structure:

Resolution
No. Assigned

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

R-80-254

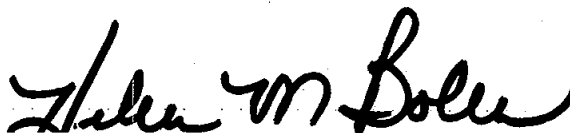
RESOLVED, that the implementation date for the new fare structure outlined in Exhibit I is July 1, 1980.

Director Holen stated that the District was remiss, including the Board of Directors, in not making clear to the public how to use the fare structure scheduled for implementation on May 1, 1980. He further stated that the Board should authorize the staff to expend the monies necessary and appropriate for the kind of public relations effort for this fare structure that was clearly lacking last time. This lack of foresight had a price tag of \$4.6 million which was the amount of monies received from the Commission as a result of public pressure concerning the no transfer fare structure adopted by the Board. This \$4.6 million was designated for use in Fiscal Year 1982 and is clearly the cost of not informing the public of the best way to use the fare structure.

Resolution
No. Assigned

General Manager Gilstrap reported that the projected budget for Fiscal Year 1981 is on the agenda for the June 12th meeting and whatever funds the Board feels are necessary can be allocated for this public relations effort.

There being no further business, the meeting adjourned at 3:40 p.m.


District Secretary

Fare Structure to be Implemented July 1, 1980

Fare Category		Fare
Regular	Pass	26.00
	Cash	.65
	Transfer	.20 each use - maximum of 2 additional buses
Elderly & Handicapped Ages 62-64 only with proof of retirement Ages 65 and over-no restrictions	Pass	6.00
	Cash	.30
	Transfer	.10 each use - maximum of 2 additional buses
Student - elementary & secondary levels	Pass	16.00
	Cash	.50
	Transfer	.10 each use - maximum of 2 additional buses
Student - post-secondary level with 12 units or equivalent	Pass	20.00
	Cash	.50
	Transfer	.10 each use - maximum of 2 additional buses
Express Charges	Pass	26.00
	Cash	.65
	Steps	.30
	Transfer	.20 each use - maximum of 2 additional buses
	Stamps	8.00
Downtown Minibus	Cash	.25
Subscription Fares		
Pass - 20 miles & under		60.00
Pass - 25 miles & under		66.00
Pass - 30 miles & under		72.00
Pass - 35 miles & under		78.00
Pass - 40 miles & under		84.00