

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

September 8, 1965

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 9:30 a.m. on September 8, 1965, at which time President Harry A. Faull called the meeting to order.

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

Also present were Acting General Manager Cone T. Bass; General Counsel Milton McKay; Treasurer and Auditor H. L. Black; Fiscal Consultant Walter J. Braunschweiger; Chief Engineer Ernest R. Gerlach; Assistant to General Manager Jack R. Gilstrap; Secretary Virginia L. Rees; and the public.

Calling of City Selection Committee Meeting - September 23,  
1965 at 9:00 a.m. in Room 1138 of New State Building

Upon motion of Director Bill, seconded and unanimously carried, the following was adopted:

Pursuant to Section 30222 of the Southern California Rapid Transit District Law, the Board of Directors hereby calls a City Selection Committee meeting to be held at 9:00 a.m. on September 23, 1965 in Room 1138 of New State Building, 107 South Broadway, Los Angeles, and hereby instructs the Staff to notify the members of the City Selection Committee as provided in the Transit District Law.

Approval of Authorization For Expenditure No. 230

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

RESOLVED, that Authorization For Expenditure No. 230, covering the purchase and preparation for service of one (1) Power Yard Sweeper, to be numbered 86, at a cost not to exceed \$3,000.00, be and the same is hereby approved.

Ratification of Sale of 1960 Ford Falcon Sedan No. 295

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

WHEREAS, on June 16, 1965 this Board of Directors authorized the disposition of certain surplus non-revenue automotive equipment, including Unit No. 295 (1960 Ford Falcon "6" 2-Door Sedan) at a minimum price of \$400.00, in accordance with Article IX of the Rules and Regulations; and

WHEREAS, no bids have been received for the purchase of said Unit No. 295; and

WHEREAS, an offer in the amount of \$350.00 has been received for the purchase of said Unit No. 295;

NOW, THEREFORE, BE IT RESOLVED, that the acceptance of the offer in the amount of \$350.00 for the purchase of Unit No. 295 (1960 Ford Falcon "6" 2-Door Sedan) be and hereby is ratified, confirmed and approved.

Federal Legislative Advocate - Referred to Personnel Committee

Director Hahn urged that consideration be given to the matter of employing a legislative advocate to explore the possibility of obtaining federal funds for the District's rapid transit program. After discussion, the matter was referred to the Personnel Committee for study and report back to the Board.

Proposed Presentation Before Assembly Interim Committee on Transportation and Commerce in Los Angeles, September 15-16, 1965

The matter of the District's presentation at the hearing on rapid transit financing before the Assembly Interim Committee on Transportation and Commerce to be held at 10:00 a.m. on September 15-16, 1965 in Room 115 of the State Building, 217 West 1st Street, Los Angeles, was fully discussed. President Faull presented an outline of the District's recommendations for consideration. After discussion, upon motion duly made, seconded and unanimously carried, President Faull was directed to appear before the Assembly Interim Committee on September 15, 1965 and present the District's proposal substantially as outlined, but to cover both the interim and the long-term rapid transit financing, and the Staff was directed to prepare

the statement for President Faull's presentation.

Adjournment of Meeting to Monday, September 13, 1965

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


RESOLVED, that the District Adjourned Regular Meeting held September 8, 1965 be and hereby is adjourned to Monday, September 13, 1965, at 9:00 a.m. in the District's Board Room, 1060 South Broadway, Los Angeles, to approve the District's presentation before the Assembly Interim Committee on Transportation and Commerce to be held in Los Angeles on September 15 and 16, 1965, and to consider such other matters as may come before the meeting.

Adjournment of September 15, 1965 Regular Meeting

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

RESOLVED, that the regular meeting of the District scheduled to be held on Wednesday, September 15, 1965, be and hereby is adjourned to Wednesday, October 6, 1965, at 9:30 a.m. in the District's Board Room in the Transit District Building, 1060 South Broadway, Los Angeles, California.

There being no further business, the meeting adjourned.

  
Secretary

the Southern California Rapid Transit District be and he is hereby authorized, empowered and directed to institute eminent domain proceedings in the Superior Court of the State of California, in and for the County of Los Angeles, for the purpose of acquiring the fee simple title in and to the said following described property for said public use. That the General Counsel be and he is hereby further authorized and empowered to hire such independent appraisers and other expert witnesses as may appear to him to be in the best interest of the District, to acquire title reports and policies, and to take whatever other actions as are necessary, including but not limited to proceedings before the State of California Public Utilities Commission, to acquire the fee simple title in and to the following described property:

That said real property is situated in the City of Los Angeles, County of Los Angeles, State of California, and is more particularly described as follows:

Lots 6 and 7 in Block "O" of the Walnut Grove Tract, as per map recorded in Book 22, Pages 9 and 10 of Miscellaneous Records, in the office of the county recorder of said county.

EXCEPT the westerly 45 feet of said lots.

ALSO EXCEPT a strip about 6-1/2 feet wide off the north side of Lot 6 conveyed to the city of Los Angeles, for opening of 15th Street, by deed recorded in Book 1070, Page 145 of Deeds, in the office of the county recorder.

#### Operating Report

The Operating Report for August, 1965 presented to the meeting was ordered received and filed. A copy of the Report is on file with the Secretary.

Presentation Before Assembly Interim Committee on Transportation  
and Commerce in Los Angeles, September 15-16, 1965

There was presented to the meeting a draft of the District's presentation to be made by President Faull at the hearing on rapid transit financing before the Assembly Interim Committee on Transportation and Commerce to be held at 10:00 a.m. on September 15-16, 1965 in Room 115 of the State Building, 217 West 1st Street, Los Angeles. After a full discussion, upon motion duly made, seconded and unanimously carried, the draft of the District's presentation was amended and approved in the form attached to these minutes as Exhibit 2.

There being no further business, the meeting adjourned.

Virginia L. Rose  
Secretary

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

September 13, 1965

Upon notice duly given, the Directors of the Southern California Rapid Transit District met at a second adjourned regular meeting in the District Board Room, 1060 South Broadway, Los Angeles, California, at 9:00 a.m. on September 13, 1965. In the absence of President Faull and Vice-President McMillan, Director Boyar called the meeting to order and acted as Chairman until President Faull entered the meeting.

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

Also present were Acting General Manager Cone T. Bass; General Counsel Milton McKay; Treasurer and Auditor H. L. Black; Fiscal Consultant Walter J. Braunschweiger; Chief Engineer Ernest R. Gerlach; Assistant to General Manager Jack R. Gilstrap; Secretary Virginia L. Rees; and the public.

Approval of Minutes

The Minutes of the Regular Meeting held September 1, 1965 were approved.

Temporary Route Diversions

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

RESOLVED, that the temporary route diversions affecting Lines 5, 7, 37, 76, 99 and 124, as described in report dated September 8, 1965 filed with the Secretary, be and the same are 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 September 1, 1965 through September 9, 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.

Disposal of Surplus Used 1947 G.M.C. Diesel Coaches, Model TDH-4507, Type 6700

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

RESOLVED, that the Purchasing Agent be and he is hereby authorized to dispose of twenty-five (25) 1947 Model TDH-4507, Type 6700, surplus used G.M.C. Diesel Coaches, numbered:

6724	6741	6761	6767	6782
6731	6743	6762	6768	6784
6733	6744	6763	6772	6785
6735	6759	6764	6773	6786
6737	6760	6766	6777	6790

as is - where is, less tires, at a minimum sale price of \$2,000.00 each, pursuant to Article IX of the Rules and Regulations and subject to the prior approval of the Consulting Engineer;

RESOLVED FURTHER, that the form of any sales agreement in connection with the sale of any of



said coaches be and hereby is subject to the approval of the General Counsel.

President Faull thereupon entered the meeting and assumed the chair.

Purchase of Real Property - Southwest Corner of 15th Street and Griffith Avenue, Los Angeles

After discussion, upon motion duly made, seconded and unanimately carried, the following resolutions were adopted:

WHEREAS, the Acting General Manager recommends the purchase from Fannie Willens and Dorie Fialkoff of that certain real property located at the southwest corner of 15th Street and Griffith Avenue, Los Angeles, hereinafter more particularly described; and

WHEREAS, it is deemed in the best interest of the District to acquire said property;

NOW, THEREFORE, BE IT RESOLVED, that the Acting General Manager be and he is hereby authorized to purchase from Fannie Willens and Dorie Fialkoff, all of their right, title and interest in and to the following described real property:

Lots 6 and 7, Block "O" of the Walnut Grove Tract, as recorded in Book 22, pages 9 and 10 of Miscellaneous Records, County of Los Angeles, State of California,

EXCEPT the westerly 45 feet of said lots.

Also EXCEPT a strip about 6-1/2 feet wide off the north side of Lot 6 conveyed to the City of Los Angeles, for opening of 15th Street, by deed recorded in Book 1070, Page 145 of Deeds, in the office of the county recorder, and

Lot 8, Block "O" of the Walnut Grove Tract, as recorded in Book 22, Pages 9 and 10 of Miscellaneous Records, County of Los Angeles, State of California,

at a cash price of \$55,000.00; taxes to be prorated,

but Buyer to pay all escrow fees, including title policy, drawing and recording of deed, and revenue stamps;

RESOLVED FURTHER, that the Acting General Manager be and he is hereby authorized to execute whatever documents as may be necessary to complete said transaction and to accept on behalf of the District a grant deed to said parcels of land, all such documents to be subject to approval as to form by the General Counsel;

RESOLVED FURTHER, that the General Counsel be and he is hereby authorized to record on behalf of the District the appropriate deeds and to obtain on behalf of the District the appropriate policy or policies of title insurance;

RESOLVED FURTHER, that the Treasurer and/or Assistant Treasurer be and he is hereby authorized to pay to Fannie Willens and Dorie Fialkoff the sum of \$55,000.00 less their prorated share of the taxes on said property, upon receipt by the District of said grant deed and appropriate policy or policies of title insurance approved as to form by the General Counsel.

Litigation - Condemnation of Property - Portion of Lots 6 & 7  
located at Southwest Corner of 15th St. & Griffith Ave.

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

RESOLVED, that the Southern California Rapid Transit District does hereby find and determine that the public interest, convenience and necessity require the acquisition of the fee simple title in and to the property hereinafter described for a public use; namely, for use as a District Yard. That said acquisition is necessary and proper for the extension, improvement and development of the District. That the said property is necessary for such public use and purpose and is a use authorized by law, and that such proposed public improvement and use are located in a manner which will be most compatible with the greatest public good and the least private injury;

RESOLVED FURTHER, that the General Counsel of

REPORT OF PURCHASING COMMITTEE  
 FOR PERIOD OF  
 SEPTEMBER 1, 1965 THROUGH SEPTEMBER 9, 1965  
 TO DIRECTORS OF  
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

APPROVED THE FOLLOWING:

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

<u>NO.</u>	<u>VENDOR</u>	<u>COVERING</u>	<u>AMOUNT</u>	<u>A.F.E. NO.</u>
UO-658	SUN ELECTRIC	1 - AMP & VOLT METER, MODEL CB-12, A.V.R. SET	\$ 184.50	229

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

Statement of

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

before the

Assembly Interim Committee  
on  
Transportation and Commerce

September 15, 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  
State Building, Los Angeles, California, September 15, 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 (list names not in attendance).

This broadly representative board is appointed, 5 by the County Board of Supervisors, 2 by the Mayor and City Council of the city of Los Angeles, and 4 by a selection committee representing all the outlying cities in the county.

Just one year ago this month the new Rapid Transit District Board of Directors met for the first time. We all looked forward to the challenge of rapid transit with certain optimism. I say optimism because we felt that with a locally appointed Board, responsible to the people of the Los Angeles area, we could finally get rapid transit on the track.

But, gentlemen, our optimism proved wrong.

We're still where we were a year ago . . . and, furthermore, we will not have rapid transit until and unless the financial means are provided to accomplish the work before us.

In the simplest of terms, the Legislature gave us the job, but no money to do it!

However, none of the frustration we've experienced has diminished the need for rapid transit in Southern California. This need is well established and becomes more urgent each day.

Civic groups, chambers, city councils, the Supervisors, business leaders and local officials throughout the area, many of whom are here today, are on record with their demands that we must have rapid transit if our community is to continue to grow and prosper and not become one big asphalt jungle.

The Legislature itself stated this need emphatically in the very Act which created the Southern California Rapid Transit District.

I understand the Los Angeles Chamber of Commerce Special Rapid Transit Committee Chairman, Mr. John Vaughn, who has been most helpful in the past, will advocate today "more study and the hiring of another consultant." This well-meaning and fine committee with this recommendation is not, in the judgment of the Transit District, helping to further rapid transit in this area by advocating more study.

Since 1947, the Chamber of Commerce has been a strong proponent of rapid transit.

It is too bad that now certain members of the Chamber propose halting the area's rapid transit effort while the Chamber studies the problem again. All of us know there have been studies upon studies of rapid transit for the last 30 years. These studies all prove the need for rapid transit; they differ only in degree and approach, depending upon the time of the study and the particular engineering consulting firm doing the work.

We at the Transit District have topflight studies from world recognized engineering firms, including, among others, Daniel, Mann, Johnson and Mendenhall, Coverdale & Colpitts, Gibbs and Hill, Kaiser Engineers, and Victor Gruen Associates.

Neither rapid transit nor freeways alone will solve our total transportation problems. But the two supplementing each other, along with faster and better bus services and surface roads, will provide the balanced transportation system this area must have for continued healthy growth. More study will merely delay the advent of this balanced transportation system and increase its ultimate cost.

We have the experts, we have the engineers and financial consultants, both in a consulting capacity and on our own staff. We have the benefits of studies and decisions by other major cities throughout the world. Some of these cities are Washington, D. C. , San Francisco, Philadelphia, Cleveland, New York, Boston, Toronto, Montreal, Chicago, Tokyo and London.

Each of these cities either has built or has decided to build a duo-rail system. The new systems under way will feature advances similar to the system planned for Los Angeles . . . 80-mile an hour operating speed, computerized scheduling, 90-second headways, tinted easy-vision glass, foam cushion seats and air-conditioning . . . the last word in ultra modern transportation. The basic duo-rail concept being applied in each of these dozen or so cities is the same . . . they differ only in refinement.

Also, the San Francisco test track, now in operation, is adding to our knowledge of available refinements in the duo-rail concept.

- Our second need is an acceptable method of long-term capital financing the people can vote on to actually build the system. Let me emphasize our Board recommends a public vote on any long-term financing program.

### NEED FOR PRELIMINARY FUNDS

Much basic engineering is completed. We have the framework of the 160-mile, 8-leg rapid transit master plan (see map attached). It is designed to serve every section of the county with rapid transit and extensive local and express feeder bus lines.

Our community's experience will be the same as other important metropolitan areas. Given the stimulus of adequate transportation facilities, growth of the economy will require and provide for completion of the total master plan.

But, of course, we must start somewhere and we've made that start by carrying the engineering forward on the 64 miles of the master plan where immediate need is greatest.

This first stage comprises four legs, serving the communities of the San Gabriel Valley, the Long Beach area, West Los Angeles and the San Fernando Valley.

The engineering work completed so far has cost approximately \$2 million. It was paid for, not by taxes, but by bus riders out of the quarters they put in the farebox. But we've run out of quarters for rapid transit.

Frankly, we have taken pride in the fact that ours is perhaps the only major transit agency in the country that is operating from farebox revenue



without some type of tax support. But your Transit District's current financial condition is such that we are barely making ends meet with the bus operation and even this may not last long as operating costs continue to increase. There is simply no money left over from operating revenues to carry the rapid transit program on any longer.

The work yet to be done prior to Stage One construction will cost another \$2 to \$2-1/2 million dollars. This \$2-1/2 million dollars is obviously not the \$15,000,000 that would have been produced had the Board of Supervisors levied the 1/2% in lieu tax as proposed earlier this year.

Our Transit Board's judgment is not to do any more engineering work than absolutely necessary to put the issue on the ballot and to postpone consideration of a bus system subsidy apart from long-term rapid transit financing.

The \$15,000,000 from a one-time levy by the Supervisors of the 1/2% in lieu tax would have brought the rapid transit engineering work to the point that public bids could actually have been taken on many portions of construction as soon as the people approved long-term financing. In addition, \$6 million dollars out of the \$15,000,000 would have gone to improve the existing bus service.

The \$2-1/2 million dollar preliminary funds we are discussing today will provide nothing for bus service and will postpone much of the detail engineering which will have to be done after the election. However, this money will establish a clear definition of the project and a firm ceiling price which is the bare minimum required by our Act for a public vote on the issue.

## SUGGESTED SOURCES OF PRELIMINARY FUNDS

Preliminary funds for this work could be provided in several ways:

1. The Legislature could put back into our Transit District Act the small 1/2¢ property tax it took out of the original Rees/Carrell Bill which created the District in 1964. This would provide approximately \$650,000 a year.

In providing this help, the Legislature would be giving us the same sort of assistance it gave the San Francisco Rapid Transit District and the new transit agency in San Mateo County. From its very inception, San Francisco was provided, not a 1/2¢ tax as we're suggesting, but a 5¢ property tax authorized by the Legislature, not the local voters. San Mateo was given a 1¢ property tax to be levied by their Board of Supervisors. With its money San Francisco was able to engineer its system and inform governments in the area on rapid transit routes, station and parking locations and the economic affects on each community of rapid transit. In 1962 the voters approved the bonds to build San Francisco's billion dollar rapid transit system which is under construction at this moment.

2. Or the State of California could appropriate to the District for three years an amount equivalent to the fuel taxes paid by the District to the State, approximately \$780,000 each year. This could be an advance to the District for the completion of preliminary rapid transit planning and engineering.

3. Another possibility would be a change in the existing Collier/Unruh in-lieu tax law which would permit the Board of Supervisors the flexibility to levy varying amounts up to the maximum 1/2% tax now on the books. As it stands today, the Supervisors must levy the full 1/2% if they levy the tax at all. If such a change were enacted, a 1/10th of 1% in-lieu tax levied by the

Supervisors would produce the necessary preliminary rapid transit funds. Such a tax would cost the average car owner only about 80¢ total for the one year levy in Los Angeles County.

Whether the Legislature, in its wisdom, decides upon one of these or some other source of funds, it should be clear that we in Los Angeles are asking merely that you treat us as you have the transit agencies in the Bay Area. Without these preliminary funds to develop the plans so that the people can make an informed and intelligent decision on rapid transit, we can proceed no further here in Los Angeles.

#### NEED FOR LONG-TERM FINANCING

Now I would like to turn to the second phase of the financing question, methods of long-term financing for construction of the system which is our most pressing need.

The first question is: How much money is needed? Based on starting construction in early 1967, the cost of the 64-mile Stage One of the master plan would be approximately \$760,000,000. This includes structures, cars, rights-of-way, engineering and project management. Add \$37,800,000 to this to retire the existing bus system revenue bonds (which is necessary under a new bond issue) and the total estimate of capital requirements is approximately \$800,000,000.

This money to build the system must be secured through the sale of bonds to be paid off in annual installments of principal and interest over a period of years.

The annual debt service (payment of principal and interest) on the bonds for the First Stage of the system, the \$300,000,000 capital requirement, would be approximately:

\$37,500,000 a year assuming 3-1/2% interest rate

\$40,500,000 a year assuming 4% interest rate

\$43,500,000 a year assuming 4-1/2% interest rate

In these figures we are assuming a term of 40 years. The marketability of the bonds, the interest rate, and the amount of tax funds which must be available annually all depend principally upon the degree of assurance offered the investor that annual debt service payments will be met regardless of unforeseen circumstances which might affect any one year's operating results or tax receipts.

Once the rapid transit system and greatly expanded bus system is built and in full operation, it is estimated to produce enough revenue to meet all operating costs (salaries, wages, power, depreciation, etc.) and also to contribute some net income toward debt service, thereby reducing the tax support required accordingly.

#### SUGGESTED SOURCES OF LONG-TERM FINANCING

Several types of tax could be levied in Los Angeles County to support rapid transit. These include the motor vehicle in-lieu, the gasoline tax, the sales tax and the ad valorem tax. The following table shows the annual revenue potential of each of these taxes in Los Angeles County at various nominal rates:

Annual Revenue Potential In Los Angeles County  
At Various Rates

<u>Type of Tax</u>	<u>Rate &amp; Annual Yield</u>	<u>Rate &amp; Annual Yield</u>	<u>Rate &amp; Annual Yield</u>
Motor Vehicle In Lieu Tax	1/4% \$ 7,500,000	1/2% \$ 15,000,000	1% \$ 30,000,000
Sales Tax	1/4% 26,000,000	1/2% 52,000,000	1% 104,000,000
Gasoline Fuel Tax	1/4¢/gal 6,250,000	1/2¢/gal. 12,500,000	1¢/gal 25,000,000
Ad Valorem Tax	1/4¢/\$100 325,000	1/2¢/\$100 650,000	1¢/\$100 1,300,000

The Transit District's position is that any of the taxes listed above, or perhaps better, a combination of two or more of these, would be feasible sources of long-term public fund support to build the rapid transit system.

I should point out, however, that in our opinion, placing the entire burden on the ad valorem property tax is least acceptable to the community because the property owners are already heavily burdened. In fact we recommend against a property tax at this time.

It is our judgment that a 1/2% in-lieu tax on motor vehicles in Los Angeles County producing \$15-million a year, plus a 1/4% sales tax in Los Angeles County, which would produce some \$26-million annually, would be the best combination for a long-term financing arrangement. These two taxes would cover the \$40,500,000 annual debt service required at 4% interest rate, which we are hopeful we can obtain. Another advantage of this approach is that the use of these two taxes, plus revenues of the system, would spread the cost of rapid transit among the transit rider, the motorist and the general public.

Naturally, we would want to discuss this financing program with the cities in the County, the Board of Supervisors, the chambers of commerce, the business leaders and local officials throughout the Los Angeles area before we finalize such a recommendation.

It should be understood that the 1/2% in-lieu and 1/4% sales tax rates suggested are maximum ceilings which would be required by the bond houses under the financing approach suggested. However, the tax which would be actually levied and paid by the taxpayer could be considerably below these ceilings, perhaps as much as 25%. The reason is that we fully expect net revenues from operations to be in the neighborhood of \$10-million a year for application on debt service.

The combination financing arrangement suggested here would cost some \$12 a year on a new Chevrolet, or \$6 a year on a 3-year old Chevrolet; on a new Chrysler New Yorker, the tax would run \$18 and on one 3 year's old, around \$9; the sales tax part of the program would cost the average household less than \$11 a year.

In general, rapid transit financing, in addition to earned revenue, must follow the same pattern as many other public benefit improvements such as flood control, sewage systems, aqueducts that brought water from distant mountains and rivers, our great man-made harbor, our international airport, and indeed our wonderful statewide system of highways and freeways.

Each of these is a basic public service paid for by all citizens, and rapid transit fits into the same category since each provide significant benefits to everyone, the non-users as well as the users.

The Los Angeles Transit District is the third largest in the United States. By 1980 it will be the second largest in the nation. New York, Chicago, Berlin, Paris, London, Moscow, Tokyo and many other cities have rapid transit systems and they are all either wholly or partially subsidized by government. Most of these cities are adding to their systems at the present time.

In closing, let me again stress that a decision on long-term financing is our most pressing need. But, of course, we must have the preliminary funds to complete the development engineering and work in the communities. Without this money we can do nothing further and rapid transit in Los Angeles is at a standstill.

We hope that from the thoughts and ideas of the many community leaders you will be hearing from today and tomorrow, your Committee will develop a positive financing proposal that can go before the special budget session of the Legislature in 1966. To this end, your Transit District again pledges its fullest support and cooperation.

**Urgency** is of the essence. Every year's delay adds another \$35-million in inflation to the cost of the rapid transit system we must have if we are to escape being strangled by our own traffic.

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

# # # # #

