

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

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

January 21, 1976

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 1:20 p.m. on January 21, 1976, at which time President Byron E. Cook called the meeting to order.

Directors Present:

Byron E. Cook
Thomas G. Neusom
George W. Brewster
Adelina Gregory
Marvin L. Holen

Jay B. Price
Pete Schabarum
George Takei
Baxter Ward

Directors Absent:

Victor M. Carter

Donald Gibbs

Staff Present:

Jack R. Gilstrap, General Manager
George W. Heinle, Manager of Operations
Richard T. Powers, General Counsel
Richard Gallagher, Manager of Rapid Transit
Joe B. Scatchard, Controller-Treasurer-Auditor
Jack Stubbs, Asst. General Manager for Administration
George L. McDonald, Manager of Planning & Marketing
Robert Williams, Manager of Customer Relations
Richard K. Kissick, Secretary
John S. Wilkens, Manager of Employee Relations
Michael Olivas, Deputy Administrator, Equal Employment
Opportunities

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

Certificates of Merit

Director Neusom presented the District's Certificates of Merit to Angelo J. Arnone, Operator-of-the-Month, and to Margaret "Peggy" Wahl, Information Operator-of-the-Month, for December, 1975, for outstanding service in the performance of their duties.

Nomination of Mrs. Ruth E. Richter as a Member of the Board of Directors

President Cook announced that the District was in receipt of a letter dated January 20, 1976 from Mayor Bradley to the City Council reporting that he had nominated Mrs. Ruth E. Richter as a member of the Board of Directors to replace Victor M. Carter who had resigned, and that the appointment was subject to confirmation of the City Council.

Report of the Rapid Transit Committee - Agenda Item No. 14

At the request of Director Neusom, Agenda Item No. 14 was considered out of order, as well as the balance of the Rapid Transit Committee report.

Director Neusom, Chairman of the Rapid Transit Committee, reported that the Committee had reviewed and concurred in the recommendation that an application to the State for Fiscal Year

Resolution
No. Assigned

Report of the Rapid Transit Committee - (continued)

1976-77 Proposition 5 funds be submitted to be used as local matching funds for the preliminary engineering of the rapid transit starter line, and so moved, which motion was seconded.

On inquiry of Director Schabarum, Mr. Gilstrap and Mr. Gallagher explained that the request for Fiscal Year 1975-76 funds in the amount of \$500,000 was to pay for the current alternative analysis with remaining funds to be used as a start on the preliminary engineering for the starter line and, further, that the current request is for the local matching money to carry out the preliminary engineering.

Mr. Schabarum felt that CalTrans will ask SCAG which highway programs will have to be deleted, that neither the RTD Board nor the Board of Supervisors would have any say in which projects are to be deferred and that the Board of Supervisors in particular should have some say in what projects are to be deferred.

The question was called for on Director Neusom's motion, carried as noted below and the following resolution adopted:

Resolution
No. Assigned

R-76-20

RESOLVED, that the General Manager is authorized to execute and submit to the State of California an application for Fiscal Year 1976-1977 Article XXVI (Proposition 5) funds in the amount of \$900,000 to be used as local matching funds for the preliminary engineering of a rapid transit starter line, as outlined in the report dated January 15, 1976, a copy of which is filed with the Secretary; form of application subject to approval of the General Counsel.

Ayes: Brewster, Cook, Gregory, Holen, Neusom,
Price, Takei, Ward

Noes: Schabarum

Absent: Carter, Gibbs

Approval to Attend Final Testing of Boeing Light Rail Vehicle
at Pueblo, Colorado

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

R-76-21

RESOLVED, that members of the Board of Directors are authorized to attend the final testing of the Boeing light rail vehicle to be conducted at the UMTA Test Site, Pueblo, Colorado, on February 10, 1976, and the Treasurer is authorized to pay expenses incurred in connection with said attendance.

Ayes: Brewster, Cook, Gregory, Holen, Neusom,
Price, Schabarum, Takei, Ward

Noes: None

Absent: Carter, Gibbs

Director Schabarum Report on Meeting with President Ford

Director Schabarum reported that he had the opportunity to meet with President Ford regarding the 13 (c) labor protective agreement, which meeting resulted in a statement by a member

Resolution
No. Assigned

Director Schabarum Report on Meeting with President Ford
(continued)

of the President's staff that we could expect in the next week a decision by the Department of Labor regarding the modified 13 (c) agreement now pending; further, that the staff also indicated it is their intention to reopen the entire 13 (c) issue in which the White House, in concert with Secretary Coleman and the new Secretary of Labor, would reassess the decision. Mr. Schabarum felt that the White House and the top staff is now aware of the 13 (c) problem, and that we would get more attention to the problem than we have in the past and the next step will be from the Labor Department next week.

President Cook thanked Mr. Schabarum for his efforts and report, and stated that he had discussed the matter with UMTA Administrator Patricelli while attending the APTA Affirmative Action Seminar in Houston last week.

(Director Neusom departed at 1:35 p.m.)

Authorization to File Fiscal Year 1977 Subsidy Request with
Los Angeles County - Agenda Item No. 2

On motion of Director Holen, Vice-Chairman of the Finance Committee, seconded and carried as noted below, the following resolution was adopted:

Resolution
No. Assigned

Authorization to File Fiscal Year 1977 Subsidy Request with
Los Angeles County - (continued)

R-76-22

RESOLVED, that the District staff is authorized to submit to the County of Los Angeles an official request for a Fiscal Year 1977 subsidy known as the "Minimum Alternative" (proposing retention of present 25-cent fare and existing zones) in the amount of \$33,800,000, as outlined in the report dated January 16, 1976, with said request to include a recital of the substantial improvements made possible during the past two years because of Los Angeles County funding participation, together with comments regarding the preliminary nature of the projections contained in said report owing to substantial service changes programmed for the balance of this fiscal year and labor negotiations which commence next Spring.

Authorization to Revise Specifications and Call for Bids Covering
Purchase of Buses Equipped for the Elderly and the Handicapped -
Agenda Item No. 3

On motion of Director Price, Chairman of the Surface Operations Committee, seconded and carried as noted below, the following resolution was adopted:

R-76-23

RESOLVED, that the District staff is authorized to revise E & H bus specifications in accordance with UMTA direction and, following meetings with other transit operators during the week beginning January 26 regarding efforts for other operators to join the District in bus orders, the staff is authorized to submit the revised specifications to potential manufacturers for their analysis and the submission of bids on or before February 23, 1976, as outlined in the report dated January 15, 1976, a copy of which is filed with the Secretary.

Resolution
No. Assigned

Report of Surface Operations Committee - Agenda Items 4
through 10

On motion of Director Price, Chairman of the Surface Operations Committee, seconded and carried as noted below, Agenda Item Nos. 5, 6, 7(b), 8 and 9 were approved, with Agenda Item Nos. 4 and 7(a) being carried over and Agenda Item No. 10 ordered "Received and Filed", as follows:

Ayes: Brewster, Cook, Gregory, Holen, Price,
Schabarum, Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom

Agenda Item No. 4, relative to a policy regarding the establishment of an Employee Parking Program was ordered carried over to a future meeting.

R-76-24

Authorized the General Manager to execute a contract with the lowest responsible bidder under Bid No. 1-7620 covering the purchase of auditorium seating in the District's Board Room; form of contract subject to approval of the General Counsel.

R-76-25

Awarded contracts to the lowest responsible bidders under Bid No. 12-7530 covering the purchase of air suspension bellows for a one-year period with option for one additional year at the election of the District, as follows:

- a. Muncie Reclamation, 1208 E. Centennial, Muncie, Indiana, covering the purchase of twelve (12) items at a total annual estimated cost of \$59,977; and

Resolution
No. Assigned

Report of Surface Operations Committee - (continued)

- b. Southern Coach, 1719 Third Street, Birmingham, Alabama, covering the purchase of two (2) items at a total annual estimated cost of \$5,623;

form of contracts subject to approval of the General Counsel.

--

Agenda Item No. 7(a) covering the award of contract covering the purchase of one Off-Line Printer and Plotter station was removed from the agenda pending receipt of additional information.

R-76-26

Awarded contract to Optical Scanning Corporation, 3130 Wilshire Blvd., Los Angeles, the lowest responsible bidder under Bid No. 12-7510-A, covering the purchase of one (1) Optical Reader System with related equipment, at a total cost of \$20,731, including sales tax; subject to the concurrence of UMTA as this purchase is funded in part under UMTA Capital Grant Project No. CA-03-0049; with form of contract subject to approval of the General Counsel.

R-76-27

Authorized the General Manager to enter into a lease agreement with Val-U Truck Rental Corporation covering a one-year lease of a portion of the District's Vernon Yards property, at a monthly lease rate of \$800; form of agreement subject to approval of the General Counsel.

R-76-28

Authorized the General Manager to enter into a lease agreement with ARA Transportation Group covering a one-year lease of a portion of the District's Vernon Yards property, at a monthly lease rate of \$345; form of agreement subject to approval of the General Counsel.

Resolution
No. Assigned

Report of Surface Operations Committee - (Continued)

--

The report dated January 14, 1976 regarding interim progress payment to Jordon Development Corporation for the installation of ten emergency generators, was ordered "Received and Filed".

(Director Price left the meeting at 1:50 p. m.)

Report of Advance Planning & Marketing Committee -
Agenda Items 11 through 13

On motion of Director Brewster, seconded and carried as noted below, Agenda Item Nos. 11 through 13 were approved as follows:

Ayes: Brewster, Cook, Gregory, Holen, Schabarum,
Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom, Price

R-76-29

Approved the establishment of a Regional Planning Office in the Mid-Cities area, and authorized the General Manager to enter into a lease agreement with Fred Schellenback, 9019 Alondra Blvd., Bellflower, covering the lease of a storefront office building at 9019 Alondra Blvd., Bellflower, for a six-month term and month-to-month thereafter at a monthly rental of \$150; form of agreement subject to approval of the General Counsel.

R-76-30

Approved minor route modifications to Line No. 33 - Los Angeles-Compton-Wilmington, in the City of Compton; subject to receipt of favorable comment from the County of Los Angeles and approval of the Consulting Engineer.

Report of Advance Planning & Marketing Committee - (Continued)

R-76-31

Approved route modifications to lines operating in Orange County affecting Line Nos. 800, 802, 860, 45 and 862, as described in report dated January 15, 1976 filed with the Secretary; subject to approval of the Consulting Engineer; and authorized the General Manager to enter into an amended Cooperative Agreement with the Orange County Transit District; form of amended agreement subject to approval of the General Counsel.

Discussion of Staff Statements Regarding County Subsidy and Request to City of Los Angeles for Subsidy

Director Schabarum moved that the staff be instructed to not state in their public presentations that the public write the County Supervisors regarding the County subsidy support, which motion was seconded.

After discussion, and a statement by Mr. Gilstrap that the staff would draft some typical questions and answers and bring them to the Board, and that the staff would not answer such questions until guidance from the Board is received, Mr. Schabarum withdrew his motion.

Director Ward moved that a request be made to the City of Los Angeles to participate in the subsidy paid by the County in the ratio of service provided within the City, which motion was seconded.

Resolution
No. Assigned

Discussion of Staff Statements Regarding County Subsidy and
Request of City of Los Angeles for Subsidy - (Continued)

Director Brewster inquired if the staff could work out a formula and bring it back to the Board. Mr. Gilstrap stated that such a formula could be submitted at the Committee of the Whole meeting for consideration, which suggestion was concurred in by the Board.

Report of the Finance Committee - Agenda Item Nos. 15 and 16

On motion of Director Holen, Vice-Chairman of the Finance Committee, seconded and carried as noted below, Agenda Item No. 15 was approved and Agenda Item No. 16 was ordered

"Received and Filed", as follows:

Ayes: Brewster, Cook, Gregory, Holen, Schabarum,
Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom, Price

R-76-32

Authorized the General Manager to acquire private, tax delinquent interest in a portion of Division 2 property, as described in report dated January 12, 1976 filed with the Secretary.

--

Agenda Item No. 16, the Operating Report for the month of December, 1975 was ordered "Received and Filed".

Report of the Personnel Committee - Agenda Item No. 17

On motion of Director Gregory, Chairman of the Personnel Committee, seconded and carried as noted below, the following

Report of the Personnel Committee - (Continued)

resolution was adopted:

R-76-33

Approved report dated January 13, 1976, and authorized the General Manager to execute "piggy-back" labor protective agreements originally approved by the Board of Directors in 1972 in connection with Section 13 (c) of the UMTA Act of 1964, as amended, covering the District's pending UMTA Capital Grant application, together with authorization to execute the same agreement for future Capital Grant applications until such time as a change occurs in the Department of Labor's handling of labor protective agreements; form of agreements subject to approval of the General Counsel.

Ayes: Brewster, Cook, Gregory, Holen, Schabarum,
Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom, Price

Director Gregory stated that reports under Agenda Item Nos. 17 (b), (c) and (d), which were information reports requested by the Personnel Committee, had been carried over for resubmission with additional information requested by the Committee.

Approval of Consent Calendar - Agenda Item Nos. 18 and 19

On motion of Director Brewster, seconded and carried as noted below, Agenda Item Nos. 18 and 19 on the Consent Calendar were approved as follows:

Resolution
No. Assigned

Ayes: Brewster, Cook, Gregory, Holen, Schabarum
Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom, Price

R-76-34

Approved Requisition No. 7300-305 covering the District's requirements for towel service for a two-year period, and authorized the Purchasing Agent to call for bids thereon in accordance with the Rules and Regulations; form of bid requirements and specifications subject to approval of the General Counsel.

--

Ratified temporary route diversions caused by construction work, as described in report dated January 21, 1976 filed with the Secretary

--

Ratified changes in bus stop zones, as described in report dated January 12, 1976 filed with the Secretary.

--

Received and filed the Purchasing Agent's Statements as follows:

1. Report of Sales Orders & Sales of Surplus, Obsolete or Used Material, supplies or Equipment, for the period October 1, 1975 through December 31, 1975.
2. Statement of Material & Supplies Account for the month of November, 1975.

Setting of Special Meeting on January 28, 1976

On motion of Director Ward, seconded and carried as noted

below, the following resolution was adopted:

R-76-35

RESOLVED, that a Special Meeting of the Board of Directors is scheduled in the Founder's Room of the Music Center, 135 North Grand Avenue, Los Angeles, at 7:30 p. m. on January 28, 1976, for the purpose of a study session and review of Supervisor Baxter Ward's proposed one-cent sales tax rapid transit measure.

Resolution
No. Assigned

Setting of Special Meeting on January 28, 1976 - (Continued)

Ayes: Brewster, Cook, Gregory, Holen, Schabarum,
Takei, Ward
Noes: None
Absent: Carter, Gibbs, Neusom, Price

Report of the General Manager - Agenda Item No. 21

General Manager Gilstrap reported on his attendance at an APTA Governmental Affairs Committee meeting held in Washington last week. One of the most important items discussed was the current UMTA requirements which transit properties must follow in order to qualify for federal assistance in connection with rapid transit construction, alternative analysis requirements, etc. Mr. de la Cruz appeared before the Board to outline the transit funding proposals in the President's budget and to answer many questions in connection with the matter, as well as anticipated future federal transit budgets, and several members of the Board had pertinent questions and statements regarding the matter.

In view of the importance of the matters discussed, a transcript of the General Manager's report and ensuing discussion is attached to these Minutes as EXHIBIT 1.

At the conclusion of the above report, Mr. Gilstrap stated that the Board had devoted a lot of time and effort to the 13 (c)

Resolution
No. Assigned

Report of the General Manager - (Continued)

labor protective agreement matter, and the word around the transit industry is that Los Angeles is "standing tall" on the matter.

Submission of Correspondence for Information

During the course of the meeting, copies of the following correspondence were distributed to members of the Board for information:

Letter dated January 16, 1976 from Dee V. Jacobs, UMTA Regional Administrator, to Ray Remy, SCAG Executive Director, entitled "Program Design for Technical Analysis of Rapid Transit Alternatives for Los Angeles CA-09-0035".

Letter dated January 19, 1976 from Mayor Tom Bradley to Supervisor Baxter Ward, regarding the use of "value capture" joint development concept to finance, in part, rapid transit in Los Angeles.

There being no further business, the meeting was adjourned at 2:55 p. m.


Secretary

TRANSCRIPT OF REPORT OF THE GENERAL MANAGER
AND ENSUING DISCUSSION AT BOARD MEETING
JANUARY 21, 1976

Cook: Report of the General Manager. Mr. Gilstrap.

Gilstrap: Mr. President, if I might take about five minutes of the Board's time, I would like to make a brief report on a very interesting meeting that I participated in in Washington last week. As Vice-President of APTA, I Chaired the Governmental Affairs Committee, a two-day meeting, planning our legislative program for this coming year. And in addition, much of the time was devoted to meeting with and exploring a lot of issues with Mr. Patricelli and his key staff, Mr. Premo, Mc Manus and Orsky.

I would boil this way down for you. Out of the several letters that UMTA has submitted to various properties around the country, have come five - six basic issues, and I wanted to tell you what those seem to be from an industry perspective, and just simply what some of the discussion was. I will not prolong this for you.

Those issues are as follows. First, that it appears that UMTA is beginning to use a cost effectiveness analysis out of the alternative analysis program as a means of comparing region by region which is counter to their plans and commitments to the industry some time ago. We have acknowledged a need to provide or perform a cost effective analysis of a project, but not to use that analysis to compare Denver's project to New York's or Los Angeles' to Miami because we did not feel that was an appropriate manner by which they should make region by region decision and when confronted with this UMTA said, no, they did not intend to do that even though some of these letters started an implication in that direction. Perhaps they mean, we'll see how it evolves.

The next major point was an interesting one that came out of the letter to New Jersey wherefor the first time in writing there appeared to be an actual capital portionment or allotment approach on capital funds. Now, you may recall there is a paragraph in there that says, now, New Jersey, you can think about something like maybe \$400 million over the next five years. This issue was fought out in Congress when the bill was being heard in the Committees, and very clearly the Congressional intent is that the capital funds be discretionary, that the operating funds be on a formula basis. And the reason for that

being that the feeling was that projects of the magnitude of new starts and extensions in rapid transit had to call upon large sums of money and that there was no way to budget those kinds of programs for every city in the United States in a time frame that they might feel that they had it coming. quote. And that decision ought to be left in the Secretary's hands and when confronted with this issue, UMTA backed away from that and said, no, they were not trying to apportion the capital funds even though they, of course, had to make the hard decision when these applications were presented to them.

The third major item was that it appeared from the experience of some of the other cities, that the alternative analysis process never ends. Some cities have gone through what they thought they were supposed to go through and then all of a sudden in response to their submitted reports there is a whole new set of things that need to be done, and UMTA gave us their pledge in blood at this meeting that, no, in fact the kind of commitment, and they referred to ours, the kind of commitment that Mr. Patricelli gave Los Angeles, that when we submitted our report on alternatives analysis they would have some questions back and forth of things they would like us to look at or give additional information, but at the end of the sixty day period, they would make a decision on the project. We hope they stay to that commitment.

The fourth point was that we're beginning to get the feeling in the industry that the planning process, which is supposed to be based on an appraisal of the projects submitted. While, from a practical standpoint, we all know that has to be done, from a theoretical standpoint, we object to that. They should, rather, and this was our industry proposal to them, rather, they should say here are our requirements that project must meet. The first one in the door that meets those requirements is funded, first-come, first-qualify, first-appropriation, and if they get down to the point where the first three take all of their funds and the next three worthy projects approved for funding, but they are out of money, then so be it and we all work together with Congress to get the funding required, rather than going in with the pre-conceived budget limitation and trying to shoe-horn a little bit of each guy's project into that funding. And they kind of hemmed and hawed about that one. It put them as part of the Administration in an awkward position, but they know that ours is a sound position and we feel that's right.

The fifth point, and this comes out of Atlanta. The UMTA administration is attempting to say to properties around the country, that when you submit a project and you put a price tag on it, we are going to, if we

approve the project, approve that amount of money, period, and if you have overruns, if you have changes in the project, if you have any subsequent event that changes the price tag, if you have not estimated escalation adequately, that's the local responsibility, we are not going to put any more money in that program. Needless to say, we think that is completely wrong, it's not done in any other project that we know of, it's certainly not done in the Highway Program, because if it were, the highway program would be all over, finished, kaput, finished, period, here in Los Angeles and would have been built about a third of what they estimated for their estimated dollars. So, we are opposed to that and we are going to lobby hard on that point. It sets in motion a lot of other events. Such as if that were the policy, our cost estimates, we would have to beef up our contingencies have to beef up our estimates to cover unknown eventualities which in effect, if they approved it, would tie up funds which might otherwise go somewhere else as hedges against unforeseen events since there would be no other alternatives then than to estimate high.

And the final point was that we called upon UMTA to be a stronger advocate for public transportation, an advocate much like the Highway and Federal Highway Administration is. UMTA has been very timid in this regard. We have had to drag them, kicking and screaming almost every inch of the way to get these programs up to the funding levels they are today and they gave us kind of a glassy stare at that one. But we are going to keep working at them on those points.

So, Mr. President, members, I wanted to give you this because I think all of these points are important to us as they are to every other transit system in the country. We have now, in the last twenty-four hours, learned of the President's budget message which does speak to the UMTA funding program. If you would like, Mr. de la Cruz could summarize what we know at this point about the budget message, or if you would prefer, we could hold that over to the next meeting.

Cook: Well, I think that since we are running a little ahead of our normal schedule, that we could proceed. Ralph, do you want to give us your report, please.

de la Cruz: Very briefly, the President's budget or projected budget for fiscal year 1977 is not too different from the budgets in 1974 and 1975 and the actual budget being incurred in this fiscal year. Just running down what is proposed, there is for mass transit a total budget of about \$2-1/2 billion. That breaks down as follows: About \$1,125,000,000 capital projects (Section 3); Section 5 operating projects, about \$650,000,000, that compares with \$500,000,000 which are authorized

for this current fiscal year; Section 9, technical studies, about \$45,000,000, that compares with about \$41,000,000 this current year; R & D, \$67.5 million, that's almost the same amount budgeted for this fiscal year; managerial training and university grants, about \$2-1/2 million, about the same for the current fiscal year; administrative costs, about \$18.6 million. This is a total program budget of about \$1.9 billion. The remainder, \$557 million, which would be applied for mass transit projects, would come from inter-state transfer funds, that is from funds transferred from the federal aid highway act program. So that's the way the budget shakes out. The President in his message, as you may know, mentioned the fact that he would seek not more than 50% of the Section 5 programs could be used for operating assistance with the assumption that the balance could be applied to the capital program. That was only stated in the message and legislation would have to be developed from there. As you know, this goes against the congressional intent of total flexibility of Section 5 formula grant program as announced in the Congress in 1974.

Gilstrap: Mr. President. A final comment. In our industry meeting, we looked at the needs of the industry, based on an industry-wide survey and questionnaire and came up with three different levels; one a status-quo, one a middle of the road, which would account for new system starts, such as a starter line in Los Angeles, and similar projects planned in other metropolitan areas, plus a full improvement level which would be, say 100 to 200 miles of system in a number of metropolitan areas and opted for the middle of the road proposal as our industry recommendation to Congress. That results in a capital increase budget of about \$8 billion over the next five years, which, they're at about now \$7, is it Ralph? so, it's just about a doubling of what is now being talked about. That may sound very high, but I will tell you that only as recent as about four years ago, UMTA's current \$11 billion budget was at about \$3-400 million a year, and it's the industry's setting its goals and going after them that has gotten it to where it is. So that completes my report, Mr. President.

Ward: Your point four, Jack, as I understood it, was one in which you indicated UMTA's policy will be first come, first served.

Gilstrap: That was our suggestion to them.

Ward: I see, and how are they dealing with that.

Gilstrap: Well, they did not make a commitment. They were surprised to hear the industry make a suggestion like that. They were more inclined to say, well, they feel right now they have around \$2 billion to commit

to new starts over the next five years, based on the current authorization level. Their approach has been to try to divvy that money up and reduce the local projects to where they can fund a number of them and fit them into that budget constraint.

Ward: Where do we stand? Do we have a fall back position, because I have had the feeling in the last week or so that we are walking a gangplank and it's as simple as that, because when they receive our request, if they get this thing done in sixty days after they analyze our analysis or alternatives, and in sixty days they look to us and say, all right, where is your funding, and we don't have the funding for the projects outlined, what happens to us?

Gilstrap: I think we are out of the money.

Ward: Well, what fall back position do we have? Are we prepared to discuss a new starter line or do we want to get out that CalTrans study that showed the segment elements? Mr. Gallagher, a couple of weeks ago, had a statement that he presented to us all, through you, that indicated that not only was the line costs \$911 million it was going to cost \$89 million more, with the rest of the tunnel down Vermont. I took exception at that time, feeling that if we all got agitated, we could get that road off Vermont and put it on the Harbor Freeway or someplace and pull the project in for the available funds. But the events since then suggest that this is not going to be possible. I think Mr. Cook is right, the City of Los Angeles is going to have great difficulty in the Council agreeing on any route, even after the studies have been made. How do they get down Vermont, and I can see 18 months of study on that. If they insist on Vermont, there isn't enough money to build the project, even if they build it today on Vermont. Yesterday's article in the paper spoke optimistically of a mistake-free or mistake-proof application, and if we have one that gets kicked back because we don't have the money, the roof is going to cave in on all of us. They will say to, well, what on earth did you put in an application for, when you knew you didn't have enough money. So, we had better find out just exactly how much money we have got and see what the City of Los Angeles will do and get at it. It might well be a new starter line.

Gilstrap: It may be that. Our alternatives analysis is going to explore, as we know, a variety of approaches from doing nothing up to heavy, full-scale rapid transit system. It may be that if we haven't the money to do what we like, or what UMTA will approve they may suggest doing something less than what, one of the alternatives.

Ward: Well, would the money be spent then for buses instead of for small transit lines.

Gilstrap: I think that is one of the decisions this Board would want to make. My feeling, after being with them in Washington last week, is that our problems are not in Washington, they are right here. They are pulling out all the stops, Mr. Ward, UMTA is monitoring our study work so closely because they want to see a "mistake-free" submission that they can act upon, for a lot of good reasons. I'm inclined to think that we can produce a good study, a sound one, and that there are dollars there available for Los Angeles, but it's the local funding.

Ward: I'm inclined, since the last two weeks events, I'm inclined to agree with Mr. Gallagher, that the thing is going to cost \$1,100,000,000 or \$1,200,000,000, and your report probably anticipated what we are locked into and we have \$785,000,000---Dayton, Ohio got turned down for two reasons; lack of a study and lack of money. That was even their pre-application thing. This is our pre-application thing and what are we going to say for dollars in our pre-application, what money are we saying.

Gilstrap: We are using the dollar estimate that the Board approved which was based on the CalTrans estimate in their study, which was the \$805 to \$830 million, and we are saying to UMTA that we do not have all the commitments yet on that local funding required, that we are working on this and that we anticipate having them by the time our alternatives analysis is completed and submitted to them. In order to get that, to do the best we can on that, that's why we are going to the meetings with the City and our letters to all the other cities and the funding agencies trying to focus now on that funding requirement so that we can be ready when ---

Ward: Then we are going to put in an application, not for \$1,100,000,000 but \$820 million.

Gilstrap: That's correct.

Ward: I see, that's good, and those other studies are going.

Schabarum: And that \$800 million is assuming \$167 million of local match.

Gilstrap: Yes, sir.

Schabarum: He mentioned \$2 billion. That is the as yet uncommitted appropriated federal dollars over a five-year period.

