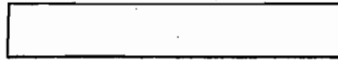


SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

LOS ANGELES



DATE: August 23, 1976

TO: Members of the Board of Directors
 FROM: Jack R. Gilstrap
 SUBJECT: Transmittal of Material Relative to Labor Negotiations

Attached for your information are the following:

- o RTD position paper -- is being hand delivered to elected officials throughout the County this morning.
- o RTD press release -- also going to elected officials with the President's statement.
- o President Byron Cook's press conference statement being presented this Monday morning, August 23.
- o Statistical sheets showing offers and summary of differences between RTD and unions' final official positions prior to strike.

As we indicated to you last night, our negotiating team presented the maximum Board-authorized offer to the unions and our willingness to arrange the dollars involved in any reasonable way over the three-year term of the contract to satisfy in every way possible within the basic limit, the unions' needs. In the end, neither union reduced their demands to a level close enough to the District's final offer to enable the avoidance of the strike. Once it was clear that negotiations were not going to lead to a settlement, the District offered binding arbitration. This was flatly refused by both the UTU and ATU.

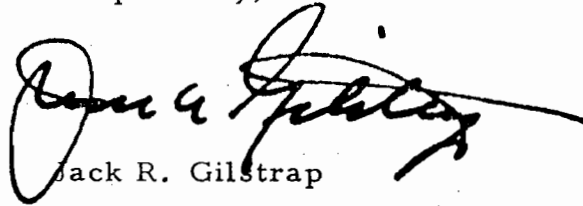
The District has pledged to commence negotiations again on call of the State Conciliator who is mediating this dispute. At this point we do not know when that might be, but it is likely negotiations will start again within the next 24 hours or so.

August 23, 1976

Although we strongly urged the union negotiators to take the District's final offer to a vote of their membership, they refused.

We will do our utmost to keep all members of the Board advised of developments and will plan to have a briefing at the Board's Wednesday, August 25th, meeting. In addition, we will do our best to keep the elected officials informed through distribution of informational material and staff calls.

Respectfully,

A handwritten signature in black ink, appearing to read "Jack R. Gilstrap", written in a cursive style. The signature is positioned above the printed name.

Jack R. Gilstrap

JRG:dm



RTD NEWS

RTD-304

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
425 South Main Street, Los Angeles, California 90013
(213) 972-6323

Contact: Walt Thompson
8/23/76

RTD DRIVERS, MECHANICS STAGE
WALKOUT; L. A. PUBLIC TRANSIT STOPS

Leaders of the United Transportation Union (UTU) representing 4,470 Southern California Rapid Transit District drivers and the Amalgamated Transit Union, representing 1,100 mechanics ordered their members off their jobs at 12:01 A.M. Monday, August 23, paralyzing RTD transit service in four Southern California Counties.

According to RTD Board President Byron E. Cook, the abrupt strike action took place before leaders of the drivers' union submitted RTD's last pre-strike wage and benefits offer to their membership for a vote.

RTD's three-year contract offers to both unions supplemented settlement recommendations made by an Independent Fact-finding Commission appointed by California Governor Edmund G. Brown, Jr.

The fact-finding panel had recommended three-year contract increases of 17.94 percent over the previous contract for UTU. RTD's final offer, rejected by the drivers, was 19.47 percent. The union demanded an increase of 23.28 percent.

The commission had recommended a cumulative increase of 15.50 for mechanics. RTD offered 18.25. Mechanics demanded 29.36 percent.

more.....

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Cook criticized UTU leaders for abruptly injecting a "bellicose note into the negotiating atmosphere" on August 20 when union leaders set an August 23 strike deadline. "This cynical act, which totally disregarded the segment of the public that depends on bus service, surprised even the mechanics' union and fatally marred the progress of talks that might have prevented the work stoppage," Cook charged.

RTD General Manager Jack R. Gilstrap said he was "shocked" that union leaders would pull operators out of service without allowing them to vote on the RTD final settlement offer.

Gilstrap said that the complex, railroad-type rules in the operators' contract placed the RTD drivers' incomes among the highest received by transit workers nationally. He noted that the average RTD operator and mechanic took home over \$20,000 a year in wages and fringe benefits even before the strikes began and that the District offer would have substantially increased these figures.

Gilstrap said RTD offers represented the most reasonable settlement possible for guaranteeing fairness both to RTD employees and the taxpayers who, in large part, make public transportation service possible.

"Our task now is to continue to negotiate with the unions in order to restore public transportation service as soon as possible," Gilstrap said.



Southern California Rapid Transit District
425 South Main St., Los Angeles, California 90013
Telephone: (213) 972-6000

Labor Negotiations No.-9

A strike has been called by the United Transportation and Amalgamated Transit Unions at 12:01 A.M. today resulting in the halting of all transit services by the Southern California Rapid Transit District in its four-county service area.

Negotiations were broken off late last night by the unions, which represent the District's 4,800 bus drivers and 1,100 mechanics. Every effort is being made by the District to resume negotiations with the unions in order to reach a settlement and restore service at the earliest possible date. RTD patrons should be alert to announcements on radio and television for later developments.

MAJOR ISSUES

ATU/UTU WORK STOPPAGE

- Last formal demands by the unions would require a 29.36%(ATU) and 22.92%(UTU) wage and fringe increase over a three-year period
- RTD bus drivers and mechanics have good positions with job security. They earn an average of more than \$20,000 per year in wages and fringes (even before the latest RTD offer)
- RTD has offered to take all outstanding issues to binding arbitration; both unions refused
- Union offers are clearly contrary to the tax-conscious posture of local public officials and residents of L. A. County
- The UTU called a formal strike deadline without taking an offer to its membership, and still has not taken an offer to its membership
- In 1974 RTD bus drivers received a labor settlement which called for a 15% increase in the first year and a 9% increase in the second year over a two-year contract; the ATU members received increases totaling 12.5% in the first year and 11.5% in the second year
- Increasing public funds go to support transit, including here in L. A. County. RTD now gets only 1/3 of the money it requires from the farebox; the rest comes from taxes
- 750,000 weekday riders depend on RTD and its drivers and mechanics for daily transportation. Most of these have no alternate means of travel

A BACKGROUND REPORT ON
THE DISPUTE BETWEEN
THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
AND THE
UNITED TRANSPORTATION UNION/
AMALGAMATED TRANSIT UNION
August 23, 1976

Without presenting the District's most recent offer to their members, leaders of the United Transportation and Amalgamated Transit Unions called for a work stoppage, halting public transportation services at 12:01 a.m. Monday, August 23. The stoppage leaves many of the 750,000 daily riders of the Southern California Rapid Transit District buses with no way to reach their jobs, medical attention, or other destinations.

Once again, union leaders have exhibited a lack of responsibility by not seriously negotiating a new contract until the brink of the strike deadline was reached.

The expiration of the old contracts with both the United Transportation and Amalgamated Transit Unions on May 31, without agreements to replace them, triggered a 70-day cooling off period and action by the State Conciliation Service to call for the appointment by Governor Brown of an independent Fact-Finding Commission. This cooling-off period and fact-finding process is required by the law that created the SCRTD.

On June 10, 1976, Governor Edmund G. Brown, Jr. appointed a Fact-Finding Commission consisting of Leo Weiss, Chairman, and Robert M. Leventhal and Barbara Bridgewater, commissioners, all of whom have experience and training in arbitration and fact-finding processes. The panel's mandate was to meet and confer with the parties to the dispute, take evidence and testimony on the issues and report back to the Governor and the parties with specific recommended settlements for each issue in dispute.

The Commission held extensive hearings at Los Angeles, in June and July. At these meetings the parties introduced documentary evidence and gave testimony to support their positions. The Commission members questioned all parties on their exhibits and testimony. The Commission submitted a preliminary report to the parties for their comments, and on August 9, sent its final report to the Governor and the parties to the dispute. This report became the basis for further negotiations on the disputed items.

Leaders of the United Transportation Union have ignored the Fact-Finding Commission's recommendations for 76¢ in hourly wage increases and have demanded 97¢ over the term of the contract. This would give RTD drivers increases much greater than other local public and private employees who pay for transit through fares and tax subsidies.

Amalgamated Transit Union leaders representing mechanical and bus service employees are also demanding heavy increases in wages and benefits for all their members. If RTD grants the Union's proposals it would fuel the inflationary spiral of taxes and prices and betray the Board's trust to spend public money wisely.

BINDING ARBITRATION REJECTED

In a final effort to maintain bus service for the public, the RTD on August 22, 1976 offered to submit all disputed items to final and binding arbitration, provided neither Union struck. Binding arbitration is a process in which a neutral person acts as a "judge" and resolves disputed issues while work continues and both parties agree to accept the result as final and binding.

As they had done prior to their strike in 1974, leaders of both Unions have again refused to use binding arbitration for reaching a settlement.

From the start, the District's goal has been to achieve a settlement that is at once fair to its employees and to the patrons and taxpayers who fund the operation of the public transportation system through fares and taxes. RTD guidelines for achieving a settlement follow the same concern displayed by the Governor's Fact-Finding Commission in its recommendations for a settlement. To quote a part of the Commission's report: "...our recommendations on the drivers' wage issue, taken in conjunction with the cost-of-living adjustments, will maintain these employees in their current relative labor market position for the proposed term of agreement (three years)."

In this spirit, RTD proposed to leaders of the UTU, which represents 4,500 RTD drivers, that the cost-of-living escalation allowances already granted be incorporated into new contract wage rates. Overall, the District offered a 19.5% wage and benefit package over three years.

The District's wage and cost-of-living offers, which supplemented the recommendations of the Independent Fact-Finding Commission, would give fair compensation to operators and mechanics in the near future, and would also protect them against rises in the cost-of-living by adding additional wage increases that would go into effect as the Consumer Price Index rose.

POSITIVE ASPECT OF RTD EMPLOYMENT

It is a matter of record that the men and women represented by the United Transportation Union enjoy secure, desirable and well-paid employment not easily duplicated in the private sector.

Union officials have stated the RTD ranks 30th in bus operator pay scale among public transit properties in the nation. The fact is that of the 23 major transit systems in the nation, (cities with 1 million population or more), RTD ranks 13th. With the increase RTD offered to the union (\$7.02) on June 1, 1976, RTD would rank 5th in the nation.

In 1975, annual average earnings of RTD operators were \$16,281. These earnings were achieved when the operator's average hourly wage rate was \$6.24 as compared to its present level of \$6.67.

In addition to these earnings, operators receive fringe benefits totaling 24.5%, which in real dollars equates to an annual rate of pay in excess of \$20,000. These benefits include vacations, sick leave and health and welfare provisions,

paid holidays, workmen's compensation and pensions.

The number of operators who quit these well-paid jobs in 1975 was only 2.4 per hundred employees, compared to a quit-rate of 16.3 per hundred in U. S. manufacturing industries.

A job as an RTD bus driver is much sought after, as indicated by District hiring statistics during a recent three-month period from March 11 to June 11, when 589 new employees were hired from a total of 5,831 applicants.

The job security enjoyed by the District's operators is unmatched in the private sector. During 1975, the overall layoff rate in U. S. manufacturing industries was 25.4%. Among RTD's bus operators, the layoff rate was 0%.

As an equal opportunity employer, the District's achievements are also outstanding. Of its present work force, more than 55% are non-anglo.

With respect to the effects of inflation on purchasing power, the District's operators have fared well during the past 15 years. During this time, when large numbers of Los Angeles area workers were fortunate to break even with the rising cost of living, RTD's operators enjoyed increases of 48.2% in real purchasing power. RTD's offer to the United Transportation Union would have protected that gain through a cost-of-living provision designed to hold the line on inflation, rather than add to the burden already shared by the patrons and taxpayers whose money pays operators' wages.

The UTU has also consistently resisted RTD proposals to change costly railroad-type work rules in the operators' contract.

ABOUT DISTRICT FINANCES

The 1976-1977 Fiscal Year is already marked by greatly increased operating costs and severe cuts in available subsidy money. The Los Angeles County subsidy to the RTD had been cut by more than half and the drying up of some former funding sources caused the District Board of Directors to impose a general fare increase in July. Even with the increased fares, the District is able to provide the 35¢ two-zone fare only by reason of the tax support available. Fares from riders cover only 37 percent of the District's operating costs and the other 63 percent comes from tax sources.

TAX SUPPORT CREATES A MANDATE TO THE DISTRICT TO KEEP LABOR COSTS UNDER CONTROL. WE HAVE AN OBLIGATION TO THE TAXPAYERS TO USE THEIR MONEY WISELY AND WELL. GRANTING EXCESSIVE WAGE AND BENEFIT INCREASES DEMANDED BY UNION LEADERS DOES NOT MEET THAT OBLIGATION.

Who Suffers?

A potential work stoppage by the Unions would hit hardest at those people who are least able to defend themselves: those dependent on public transit to get to work, to shop, to school and the low-income and handicapped citizens. Additionally, there are nearly 500 other unionized District employees who in the past have honored striking Unions' picket lines and would miss work and their paychecks. These employees and their families would gain nothing by a strike and would suffer for the duration of the strike.

The citizen who depends upon public transportation is the big loser. Those who cannot afford cars, the senior citizens who no longer drive and the thousands of handicapped for whom transit means freedom; students trying to get to school -- the family breadwinner unable to get to the job -- these are the real victims in a transit work stoppage.

A transit strike does more than affect individuals -- it affects the total economy of the area, including those persons who do not use public transit. Our efforts to reach a settlement have rested on our knowledge of the hardships caused by a work stoppage. Our intention remains to bring about a settlement.

OTHER DISPUTED ISSUES

The major issues, other than wages and cost-of-living adjustment, in the labor dispute between the District and leaders of the Unions representing RTD drivers and mechanics are sick leave, health and welfare insurance provisions, shift differentials, pensions, paid holidays.

RTD MANAGEMENT HAS STOOD WILLING FROM THE BEGINNING TO NEGOTIATE AT ANY TIME, ON AN AROUND-THE-CLOCK BASIS, IF NECESSARY, TO REACH SETTLEMENTS WITH ITS UNIONS. WE RECOGNIZE OUR OBLIGATION TO ASSURE THAT THESE SETTLEMENTS WILL BE FAIR AND EQUITABLE TO OUR EMPLOYEES, THE PUBLIC WE SERVE, AND TO THE TAXPAYERS WHO PAY THE BILL.

The District notes a disturbing trend statewide in the attitude of union leadership in holding the public as hostage each time a labor contract expires. In the past three or four years alone, crippling transit strikes have occurred in San Francisco, Oakland, Sacramento, San Diego as well as Los Angeles. As in 1974, bargaining with the unions began well in advance of contract expirations. Every effort made by the District to achieve early resolution of issues in dispute was met with indifference bordering on disdain. Once again, the need for open negotiations clearly has been demonstrated.

STATEMENT FROM BYRON E. COOK, PRESIDENT
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

August 23, 1976

I will respond to the present walk out of our drivers and mechanics as President of the Board of Directors of the Southern California Rapid Transit District, and on behalf of the members of the Board.

All of us are appointed by elected officials to serve in these very important public policy positions. In accepting these roles, we must be mindful of the responsibilities we have to all of the publics we serve, to the members of the Legislature who created our District, to the local political bodies who appointed us individually, certainly to the 750,000 RTD customers and, increasingly, to the taxpayers of Los Angeles County who are contributing an ever-increasing amount of money to support and maintain local bus service.

It is not easy to watch our employees walk off their jobs and strand our customers. It is not easy for us, as a Board, to stand firm against the negotiating prowess and political muscle of international labor unions. And it is not easy for us to face the transit dependent people in our County who as of today cannot get to work, who cannot get to medical facilities, who cannot shop and many of whom may have no other means of transportation.

However, the SCRTD Board has made up its mind that it will stand firm in our present situation. We do not intend to contribute to the type of wage and fringe benefit escalation patterns which have helped cause the present situation in the City of New York. On the other hand, we do intend to respond to the obvious outcries of local elected officials and taxpayers who do not wish to see this escalation cycle continued and who wish, to the contrary, to arrest it.

As a former bus driver, I very much appreciate the contributions made by those persons who work for us in this capacity, and I very much appreciate the contributions made by our mechanics. In pressing for salary demands far in excess of the Governor's fact-finding report and clearly against the hold-the-line direction our citizens demand our public agencies take, the leadership of our unions is clearly lacking in leadership; they seem clearly out of touch with the real world of 1976 where the citizens of our County, as elsewhere, simply cannot and will not accept further tax burdens.

I call upon the union leadership to reassess the offers we have made to them. After thoughtful consideration, our Board of Directors decided to supplement the recommendations made in the fact-finding report of Governor Brown's Commission--in an effort to avert a work stoppage. These offers represent significant increases in wages and fringes; offers that we believe the memberships of both unions would accept if given the opportunity to do so by secret ballot.

Bus drivers and mechanics who serve RTD have good jobs. They do not suffer the lay off fluctuations that skilled people in the private sector have periodically. The average driver and mechanic serving this property-- even before our last contract offer-- earns an average of more than \$20,000 a year in wages and fringes.

The last formal offer we made to the United Transportation Union called for a 19.47% increase in salary and fringes over a three-year period. The last demand made by the United Transportation Union called for a 22.92% increase over the three years.

The last formal offer we made to the Amalgamated Transit Union called for an 18.24% increase in wages and fringes over the three-year period, as compared to the last demand made by that union of 29.36% over three years.

The United Transportation Union's demand exceeds the District's offer for operators by \$3,429,359. The Amalgamated Transit Union demand for mechanics is \$2,748,178 over our last offer. In short, we are some \$6,100,000 apart. This is a wide gap, especially when you realize that two-thirds of all of the dollars we require to operate our system now come from tax sources. We must stand firm against this searing cycle of salary increases, and the Board of Directors of the SCRTD intends to do so.

We have asked that all of the issues as yet unsettled with both of our unions go to binding arbitration; once again the unions have rejected this offer.

Finally, I remind you that our negotiating team stands ready to meet with the unions upon call of the Conciliator appointed by the State of California.

APPLICABLE TELEPHONE NUMBERS

UNITED TRANSPORTATION UNION... 484-8191

AMALGAMATED TRANSIT UNION... 848-1950

NEWSROOM - 972-6323

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT
 STATUS OF LABOR NEGOTIATIONS
 (NO COST COMPOUNDED OVER 3 - YEAR PERIOD)

UNITED TRANSPORTATION UNION (BUS DRIVERS)

	<u>1st Yr</u>	<u>2nd Yr</u>	<u>3rd Yr</u>	<u>Total % Increase 3 Yrs</u>
Fact Finding	5.76%	5.28%	6.90%	17.94%
RTD Offer 8-22	6.71%	6.42%	6.34%	19.47%
	(\$6,684,213)	(\$6,391,663)	(\$6,318,840)	(\$19,394,716)
UTU Offer 8-22	-	-	-	22.92%
				(\$22,824,075)

AMALGAMATED TRANSIT UNION (MECHANICS)

	<u>1st Yr</u>	<u>2nd Yr</u>	<u>3rd Yr</u>	<u>Total % Increase 3 Yrs</u>
Fact Finding	5.71%	4.22%	5.57%	15.50%
RTD Offer 8-22	7.76%	4.77%	5.71%	18.24%
	(\$1,909,257)	(\$1,177,334)	(\$1,410,177)	(\$4,496,768)
ATU Offer 8-22	-	-	-	29.36%
				(\$7,244,946)

SUMMARY SCRTD/UNION DIFFERENCES
 8/22/76

	<u>% Wages & Fringes Over a 3-year Period</u>	<u>\$ Wages & Fringes Over a 3-year Period</u>
ATU (Mechanics)	29.36%	\$7,244,946.
RTD	18.24%	<u>\$4,496,768</u>
DIFFERENCE		\$2,748,178