

THE LOS ANGELES TRANSPORTATION PROBLEM
AN ANALYSIS OF THE LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

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1. Introduction

Los Angeles in one way or another has been struggling with its transportation problems for some thirty-five years. During that time, over fifty transit and/or traffic studies have been made, all of them involving a considerable expenditure of funds and effort. Some of these studies have been very large in terms of staff and cost. No public action, at any level of government, however, emerged to deal with the Los Angeles Metropolitan transport problem as such. The pressure of extremely rapid metropolitan growth, mushrooming automobile traffic and the decline of commercial passenger transport led the Los Angeles County Board of Supervisors to set up the University Presidents' Advisory Committee on Los Angeles Transportation Problems on July 12, 1949.¹ This Committee made a comprehensive survey of all the studies made to the date of the investigation. The Committee's Report was submitted to the Board of Supervisors on May 1950.²

The Presidents' Committee found that only five of the studies that had been made during the preceding 25 years could be called extensive. Each of these five dealt with rapid transit, and rapid transit only; that is, they did not include other types of passenger traffic or the movement of freight. The Committee found that the various reports which related to the freeway system cul-

¹This Committee consisted of the Presidents of the University of California, Stanford University, University of Southern California, the California Institute of Technology and the Provost of the University of California, Los Angeles.

²The report was presented in mimeographed form. Accompanying it was a survey of all the previous reports.

minated in the freeway program, but that although the major transit reports all recommended rail rapid transit they had not been implemented. From its survey the Committee concluded that the factual data upon which a constructive program could be developed was out of date and that a new study needed to be made. This, it said, should be one that would "start at the beginning" and should not be based on previous reports.

A new study was recommended which in addition to establishing data then lacking, should include investigation of: (1) the county's pattern of growth; (2) the relationship of a coordinated rapid transit system to a healthy economic development, (3) economic and engineering features of all possible rapid transit systems, busses on freeways, subways, rail on freeways, rail on private property, monorail and others; (4) where rapid transit is needed; (5) how the final plans should be financed; and (6) how the system should be owned and operated.

It should be noted in passing that as in the case of all of the previous studies, this one presented a series of recommendations dealing with the rapid transit problem. The extensive instructions for investigation which were to be followed by the engineering firm to be employed for that purpose covered a wide range of facts, all of which, however, were related to the problem of rapid transit. There was no recognition of the larger transportation problem of which rapid transit is but a part. As a consequence, the opportunity to lay the foundations for a program which would really "start at the beginning" was missed. Unfortunately, even the scope of the study proposed in the Committee's Report was not matched in subsequent analyses and developments.

II. Antecedent of the Present Metropolitan Transit Authority:

Provisions of the Act of 1951

In 1951 the State Legislature passed a bill entitled the "Los Angeles

Metropolitan Transit Authority Act" which was signed by Governor Goodwin Knight on July 20, 1951.³ This Act established the Los Angeles Metropolitan Transit Authority. The scope of the Authority's activities were limited to rapid transit for the transportation of passengers, mail and hand baggage "within the area of the entire San Fernando Valley west of the west boundary of the City of Glendale and within four (4) miles on each side of the main channel of the Los Angeles River from San Fernando Valley to the mouth of the river at Long Beach, by means of suspended overhead monorail on routes which the California Public Utilities Commission has first determined are required by public convenience and necessity, together with any supplemental feeder bus lines which established common carriers of passengers serving the area decline to provide after that commission has determined they are required by public convenience and necessity."⁴ Thus, the scope of the Authority's jurisdiction was confined to the development of some form of monorail rapid transit for a long but relatively narrow corridor passing through the heart of the city of Los Angeles on routes sanctioned by the California Public Utilities Commission.

The Authority itself was set up as a public corporation of the State of California composed of seven members appointed by the Governor for a term of four years. The law contained no provision for removal of the members from office. Each member of the Authority had to be and remain a resident of and registered voter in the county of Los Angeles. Each was to receive a compensation of \$20 for each meeting attended, but not to exceed \$100 in any calendar month. No member was to receive any other income of any kind from the Authority. The management of the undertaking was to be in the hands of a staff selected by

³Assembly Bill No. 3112, Chapter 1668 Statutes of California, 1951.

⁴Ibid., Ch. 2, sec. 2.7

the Authority.⁵

The capital of the corporation was to be obtained by the sale of revenue bonds which were to be the obligation, solely of the corporation as to both principal and interest;⁶ in other words, the corporation was to be self-sustaining without taxing powers and without benefit of public aid.⁷ However, the revenue bonds were to be tax free,⁸ but the Authority was to make in lieu payments to local governmental agents equivalent to what the taxes and assessments on the property would be if it were privately owned.⁹ Finally, the Authority was subject to the jurisdiction of the Public Utilities Commission and all other laws applicable to privately owned and operated carriers.¹⁰

Deficiencies of the Legislation

The most that could be said for the Act of 1951 was that, at the state level, it constituted a recognition of a metropolitan transport problem in Los Angeles and established an agency to make a start towards dealing with it. That the legislation was totally deficient and bound to be ineffective as a means of resolving the difficulties besetting transport must be obvious to anyone who reads the law. Monorail as an initial step for assisting in the task of providing rapid transit for the Los Angeles Metropolitan area was impracticable, perhaps under any circumstances, and certainly under the conditions stipulated

⁵Ibid., ch. 3, secs. 3.2, 3.4, 3.5, 3.6

⁶Ibid., ch. 5

⁷Ibid., ch. 4, secs. 4.18

⁸Ibid., ch. 5, sec. 5.37. There was nothing, however, to prohibit public agencies from providing public aid. See ch. 5, sec. 5.33, ch. 10, sec. 10.1.

⁹Ibid., ch. 4, sec. 4.21. There was no provision for in lieu taxes to the State.

¹⁰Ibid., ch. 3, sec. 3.2; ch. 4, sec. 4.9, 4.10, 4.12, 4.13; ch. 5, sec. 5.43

by the law. No machinery of any kind whatsoever was created even for dealing with rapid transit for the area as a whole, to say nothing of a complete lack of any hint of an awareness of the broader problem of transporting people in the area, as well as that of moving the huge volume of goods that makes up such an important part of the daily traffic of the region. It is not surprising, therefore, that sharp criticism arose from many quarters and that proposals for modifying the conditions laid down in the Act of 1951, or for eliminating it entirely took shape, rapidly.

Steps to Remedy the Deficiencies

At the request of Mayor Norris Poulson, The Citizens Traffic and Transportation Committee for the Extended Los Angeles Area was formed in 1953 to study traffic and transportation problems in the city of Los Angeles. It became apparent at the outset that the problems were closely related to similar ones in Los Angeles and Orange counties and with parts of San Bernardino and Riverside counties. The Committee was reconstituted in 1954 so as to give recognition to this fact. The Los Angeles County representatives were appointed jointly by Mayor Poulson and Mr. John Anson Ford, Chairman of the County Board of Supervisors, while the Boards of Supervisors of San Bernardino, Riverside and Orange counties nominated members to represent their respective areas. In its final report,¹¹ this committee recommended the establishment of an area wide Traffic and Transportation Planning Commission by the state legislature. The function of the Commission was to be that of preparing a master transportation plan for the entire metropolitan area which would form the basis for constructing

¹¹Transportation in the Los Angeles Area, The Final Report of the Citizens Traffic and Transportation Committee for the Extended Los Angeles Area, Aug. 1, 1957. The report of the Citizens Committee was based in part at least, on "The Los Angeles Metropolitan Transportation Problem-A Preliminary Analysis" (March, 1957) by Dudley F. Pegrum.

an area-wide transport system that would coordinate all modes of metropolitan transportation, for the movement of goods as well as people. Rapid transit was to be one of the significant aspects of the plan as it related to the movement of people, but the Committee insisted that it could not be dealt with alone or in isolation.

Meanwhile, other developments were taking place that were destined to alter the whole structure of the Metropolitan Transit Authority. Study of monorail rapid transit by the engineering firm of Coverdale and Colpitts resulted in a generally unfavorable report on the prospects of such an undertaking under existing conditions.¹² Monorail alone showed little prospect of success sufficient to make possible the raising of capital from the sale of revenue bonds dependent upon the earnings of the monorail. Without tax relief as a minimum, responsible firms would not insure the marketing of the bonds. In addition, the conditions imposed by regulation by the Public Utilities Commission for privately owned utilities were too severe to be met by an undertaking of this nature.

Proposals were soon advanced to remedy these limitations on the activities of the Authority. Contact negotiations were undertaken by which it was to acquire the Los Angeles Transit Lines (street-railway) and the Metropolitan Coach Lines. Legislation to make this possible was introduced by Senator Richard Richards at

¹²Coverdale and Colpitts, Report to the Los Angeles Metropolitan Transit Authority, Jan. 15, 1954, "If the Monorail is not liable for damages and if the tax assessments and Public Utilities Commission regulation are eliminated, the indications are that the shorter line between North Hollywood and Compton would pay the interest and retire the debt in a period of less than 20 years. This indicates economic feasibility." (p. 70). "The combination of novelty of design, of high taxes shown in this report, subjection of the authority to the Public Utilities Commission and the uncertainty of the assessment of damages for the structure in city streets would, in our opinion, impose a handicap to the sale of these bonds as public revenue bonds. As to this matter the advice of a financial advisor should be sought." (p. 71)

the 1955 session of the legislature.¹³ Strenuous opposition to this measure was registered by the Citizens Traffic and Transportation Committee, the Los Angeles Chamber of Commerce, and the Downtown Business Men's Association.¹⁴ They took the position that the bill was premature in that it was in advance of a needed comprehensive and detailed study or master plan for transportation needs of the area. Criticism of the measure was also voiced on the ground that the conditions under which the private lines were to be acquired were not in the public interest.

On August 14, 1956, Mr. Ralph Merritt, general manager of the Metropolitan Transit Authority announced that a new contract had been negotiated with the Los Angeles Transit Lines and the Metropolitan Coach Lines for the purchase of their properties for \$33 million. In January 1957, Assemblyman Charles Wilson introduced a measure to the State assembly, authorizing purchase by the M.T.A. This bill proposed to expand the authority to include Orange, Riverside and San Bernardino counties and raise the membership from seven to thirteen appointees. The three additional counties named in the new bill opposed the plan to include them on the grounds that their presentation was inadequate, that the chances of the Authority being self-supporting were slim, and that these counties had never been contacted with regard to their needs and desires. As a consequence, they were eliminated from the final measure. The Citizens Committee¹⁷ opposed the

¹³S. 1308 (1955)

¹⁴Reported in the Mirror-News, Jan. 13, 1956. The minutes of the Downtown Business Men's Association, Nov. 3, 1955 showed that it supported acquisition by the M. T. A. at that time on the ground that this would be a step in the right direction toward the development of S 1308. Mayor Poulson also endorsed the objectives of the bill which he said was to provide for the integration of the two transit lines (Valley Times, May 14, 1955)

¹⁵Los Angeles Times, Aug. 15, 1956

¹⁶Ibid., April 17, 1957

¹⁷Assemblyman Harold Levering introduced a bill in March, 1957, calling for the creation of a 15 member Los Angeles Basin Area Transportation Planning Commission. This was based on the Citizens Committee's recommendations, but it failed to get the necessary support.

legislation as did the Los Angeles Metropolitan Traffic Association. The Downtown Business Men's Association supported the Wilson bill and so did the Los Angeles Chamber of Commerce.¹⁸ The measure finally passed the Senate in revised form on May 20, 1957, and was signed into law by Governor Goodwin Knight on May 30.¹⁹ This is the basis upon which the Los Angeles Metropolitan Transit Authority now operates.

III. The Los Angeles Metropolitan Transit Authority Act of 1957.

The Act of 1957 was passed to create a special authority to establish a mass rapid transit system within Los Angeles County, also designated in the law as the "Metropolitan area." In addition, it repealed the Act of 1951. The Authority was set up as a public corporation of the State of California and the statute specifically stated that it was not a "state agency;" the powers of the Authority were those granted by the act and were not restricted or qualified by Title 2 of the Government Code. The territorial limits of the Authority were not to be diminished or decreased so long as any bonds issued under the act were outstanding and unpaid.

General Functions of the Authority

The Authority consists of seven members appointed by the Governor, each member to serve for the term of his appointment, the full term being four years.

¹⁸This was in spite of a committee report (Metropolitan Traffic and Transit Committee of the Los Angeles Chamber of Commerce) which recommended the establishment of a transit district with power to tax starting with Los Angeles county, with the approval of the voters, in a step-by-step process to be expanded to include the other areas in the Los Angeles Basin. The committee did not believe that revenue bonds would be able to finance the project. It also opposed a planning commission or transit authority on the grounds that these would not have taxing power.

¹⁹The Los Angeles Metropolitan Transit Authority Act of 1957, Assembly Bill No. 1104 California Statutes ch. 547, 1957. See also, Mirror-News, Los Angeles, Feb. 4, 1957, "Sequence of Rapid Transit Developments."

Each is to be a resident and registered voter for Los Angeles County. He is to be paid \$50 for each meeting of the Authority, but no more than \$200 for each calendar month. No other compensation may be made to an individual for his services as a member of the Authority, but the secretary and the executive director may be members.²⁰ The executive director is to have the responsibility of the management of the properties and business, but the Authority may contract with any corporation for the superintendence of the operation and maintenance of the system or any part thereof. The executive director and general counsel shall not be part of the personnel whose services are supplied under such a contract.²¹ The Authority may adopt whatever rules and regulations it deems advisable with respect to the conduct of its own affairs. It is not subject to the jurisdiction of the Public Utilities Commission of California, except that it is required to adopt and comply with safety regulations prescribed by the commission.²²

In order to carry out its responsibilities for the establishment of a mass rapid transit system, the Authority may acquire all the necessary properties of various kinds for this purpose and may enter into agreements with any public utility operating any transportation facilities either within or without the

²⁰Ibid; ch. 3, sec. 3.6. The secretary and the executive director are appointed by the Authority. Presumably, they are not to be from the membership appointed by the Governor, nor do they appear to be ex-officio under the law.

²¹A majority of the members of the Authority constitute a quorum and all actions require a majority vote except that any indenture may require that certain acts shall require a two-thirds vote of the full number of the members. Presumably, this means that the Authority, at least for these purposes, consists of nine members, otherwise a majority would suffice. Ibid., sec. 3.8.

²²Ibid., sec. 3.11. The law does not state how these regulations are to be policed. The Board of Public Utilities of the city of Los Angeles has no jurisdiction over the service of the M. T. A. even though it has such powers with respect to privately owned utilities.

metropolitan area for joint use, or the establishment of through routes, joint fares and transfer of passengers.²³ It may also obtain for cash or by exchange of its bonds, any publicly or privately owned bus lines, within or without the metropolitan area which may be integrated as feeder services within the system of the Authority.²⁴ The latter may exercise the power of eminent domain within the metropolitan area and a resolution by the Authority is to be conclusive evidence of the public necessity of the proposed acquisition. No publicly owned property, however, may be taken without the consent of the public agency which owns it, nor may any privately owned public utility be taken or condemned without the consent of such utility.²⁵ When publicly or privately owned public utilities are acquired, the Authority is required to assume and observe all existing labor contracts, and no employee of any such utility shall suffer any worsening of his wages, seniority, pension, vacation or other benefits by reason of the acquisition. In addition, no merger, consolidation or reduction of lines or services shall take place until adequate provisions have been made for any employees who are or may be displaced or whose wages, hours, place, or conditions of employment are or may be adversely affected.²⁶

Coordination of Passenger Transport

One of the functions to be performed by the Authority was that of coordinating any of its operations with those of any then existing system and to this end elaborate provisions are set forth governing the establishment of

²³Ch. 4, sec. 4.3, 4.4, 4.5.

²⁴Ibid., sec. 4.25

²⁵Ibid., sec. 4.6 and 4.7

²⁶Ch. 3, sec. 3.6 (e) and (f) The Authority may also provide for a civil service or retirement or both for any or all employees. Ch. 4, sec. 4.24. The law also states that the Authority shall not discontinue or abandon transit services on any route of any publicly or privately owned utilities acquired by the Authority except upon substitution of equal services without cost to the tax payer. Ch. 6, sec. 6.11. To put it mildly, the meaning of this is anything but clear.

such coordination.²⁷ If in undertaking the various phases of its operations or development the Authority diverts, lessens or competes for the patronage or revenues of the existing system of a publicly or privately owned public utility in the Metropolitan area, the Authority is required to notify the utility of its intentions. No action may be taken by the Authority until 120 days have expired after delivery of the notice. During the intervening period, the public utility has the option to require the Authority to purchase that portion of its system affected by the action of the M. T. A. or to require the Authority to purchase all of the existing system. The purchase price to be paid for the acquisition is the reproduction cost new (including going concern value) less depreciation, and in no event less than the average annual gross revenue for the three preceding calendar years. The utility is entitled to severance damages for loss of value of the unsold portion if only part of its system is acquired.

If the system to be acquired is a publicly owned utility or if the operations of the publicly owned utility are adversely affected by the expansion of the Authority, then the latter must submit to the legislative body in charge of the publicly owned system a written detailed statement covering the proposed plan. The public corporation must then hold public hearings and if sale of all or part of the system is involved, the proposal must be submitted to a vote of the electors. If the vote is favorable, the acquisition will then follow the procedures set forth for privately owned utilities.²⁸

When an existing privately owned system or any portion of one is acquired, the Authority may pay in lieu taxes to the public corporation previously receiving such taxes. The amount may not exceed that which was, theretofore, paid. The

²⁷Ch. 4, sec. 4.21

²⁸Ibid. Presumably, only a majority of the votes cast is necessary to decide the issue, since the law is silent on this matter.

law contains no compulsion, however, and whether such taxes are paid is a matter of option on the part of the Authority, at most.²⁹

When any existing system or portion thereof is acquired by the M. T. A., the latter may continue to operate the property, with regard to streets and so forth, in the same manner that obtained theretofore. However, no new construction of "subways, elevated railways, overhead suspended transit, or any other structures constituting a method of mass rapid transit in, upon, over, under or across public streets, highways, freeways, and other public places [may be undertaken] without the consent of the city, county or State having jurisdiction over such street, highway, freeway, or other public place."³⁰ This obviously creates some interesting implications with regard to the establishing of a mass transit system for the area.

Financing the Undertakings

The Authority is given the power to issue revenue bonds to provide the capital necessary to finance the rapid transit system.³¹ All bonds issued must contain a recital on their face that neither the payment of the principal nor the interest shall constitute a debt, liability or obligation of any county or city or the State.³² Moreover, all bonds, and the interest or income therefrom are exempt from all taxation in California other than gift, inheritance and estate taxes.³³ Any indenture may also contain a clause limiting the power of the M. T. A. to issue additional bonds for the purpose of acquiring, constructing or completing the system or any part thereof.³⁴ The bonds shall bear interest at a rate not to

²⁹Mr. G. C. Kelley, general counsel for the M. T. A. has expressed the opinion that in lieu payments would constitute a gift and such action is illegal under the State Constitution. Los Angeles Examiner, Aug. 22, 1958.

³⁰Ch. 4, sec. 4.8

³¹Ch. 5, Sec. 5.1

³²Ibid, sec. 5.4

³³Ibid, sec. 5.37

³⁴Ibid, sec. 5.17

exceed six per cent per annum, payable annually or semiannually, and this rate applies to the yield.³⁵ The maximum rate of maturity is 50 years.³⁶

The Authority is given the power to fix rates, fares, tolls, charges, rents or other charges for the use of the system.³⁷ There is no provision regarding notice for changes in these charges and the Public Utilities Commission of California exercises no control whatsoever. The discretion of the Authority, however, may be "subject to such contractual obligations as may be entered into by the Authority and the holders of the revenue bonds issued under this act," and the Authority may provide that the rates are minimum rates subject to increase or decrease only in accordance with the terms of the indenture under which the revenue bonds are issued.³⁸

The State or any public corporation may make public contributions to the M. T. A. with the sanction of the appropriate legislative body. However, after the revenue bonds have been issued, no public corporation shall make any public contributions in any way unless a proposition to do so has been approved by a majority of the registered voters residing within the boundaries of the public corporation, at an election conducted for that purpose.³⁹

Finally, where economic-engineering studies show that there is a need for public transit in specific areas, but feasibility studies do not indicate sufficient income to support the required financing by revenue bonds, the Authority

³⁵ Ibid., sec. 5.27 and sec. 5.32.

³⁶ Ibid., sec. 5.31

³⁷ Ch. 4, sec. 4.9

³⁸ Ch. 7, sec. 7.1

³⁹ Ch. 9, sec. 9.3 and sec. 9.6. In the case of general obligation bonds a two-thirds favorable vote must be cast.

in cooperation with public agencies in the area is to determine the boundaries of a transit district within the Los Angeles metropolitan area. Such a district may be created with powers provided by voters for the taxation of property and the financing of the system through general obligation bonds. The district may operate the facilities independently for the benefit of the people of the district or by contract with the Metropolitan Transit Authority for coordinated and integrated operation.⁴⁰ This evidently means that a monorail rapid transit system can be established under public ownership, within the area of the M. T. A. to be operated independently of the latter or even, through agreement, by the M. T. A. itself.⁴¹ Of course, the M. T. A. would not have to assume any of the obligations of such a rapid transit system.

The Authority in Action

The Los Angeles Metropolitan Transit Authority became an effective operating company on March 3, 1958 when its issue of \$40 millions of revenue bonds was sold. With these funds the corporation was able to purchase the Los Angeles Transit Lines for \$21,604,000 and the Metropolitan Coach Lines and its subsidiary the Asbury Rapid Transit System for \$13,596,374, a total of \$35,200,374.⁴² At the present time the authority operates 1,890 miles of regularly

⁴⁰Ch. 11, sec. 11.2.

⁴¹Mr. Gerald Kelley, general counsel for the M. T. A. has pointed out that the M. T. A. cannot grant a franchise to a private corporation to operate a mass rapid transit system. (Los Angeles Times, Sept. 11, 1959.) However, a mass rapid transit district may be formed under public ownership and operated independently of the M. T. A. if the voters consent.

⁴²Mimeographed report issued by M. T. A., Sept. 28, 1950. This was determined by cost of reproduction new less depreciation. Annual report, M. T. A., Dec. 1958. This figure may be compared with the rate-base (value for rate-making) of \$26,730,000 submitted by the Los Angeles Transit Lines and the Metropolitan Coach Lines in their application, to the California Public Utilities Commission for an increase in fares in July 1957. Obviously, the purchase price was considerably larger than any figure upon which the privately owned lines would have been permitted to earn a fair return.

scheduled routes; in addition it provides a limited-stop service by "Freeway Flyers" between downtown Los Angeles and places such as San Fernando Valley, Sunset Boulevard in Hollywood, San Gabriel Valley to Riverside and San Bernardino, Inglewood and Hawthorne, Wilmington and San Pedro, Paramount and Bellflower, Disneyland and Knott's Berry Farm and various race tracks during the racing season.⁴³ It has, however, refused to take over bus line operations in the city of San Bernardino on the grounds that providing bus transportation in that city is feasible only if there is a subsidy of some kind.⁴⁴

Although the Act of 1957 contemplates that there shall be a single integrated system of public transportation for passengers in Los Angeles county, it recognized that for some time to come there will be both publicly-owned and privately-owned public passenger transport undertakings. Moreover, as was pointed out earlier in this article, the law contains express conditions as to the procedures which must be employed to accomplish the coordination. Whether such total unification, under the existing law can ever be effectuated remains to be seen. In any case, there is still the question of providing necessary services in various places which the M. T. A. does not offer at the present time.

This issue came to the fore in an application of the Charter Bus Transportation Company before the Public Utilities Commission. The company rendered seasonal services to Santa Anita, Hollywood Park and Los Alamitos; it requested authorization to offer similar services to the Los Angeles Dodgers Baseball club from a large number of cities in Los Angeles county. The routes and services overlapped and paralleled existing routes of the M. T. A. and some other transit lines. However, none of the protestants provided the proposed type of direct

⁴³M. T. A. Newsletter, June-July 1959.

⁴⁴Statement of Mr. Max Gilliss in Los Angeles Times, Nov. 27, 1959.

round-trip service. The Commission granted the certificate on Aug. 5, 1958.

The M. T. A. appealed the Commission's ruling to the State Supreme Court. The latter first set aside the order of the Commission but on rehearing it reversed its previous ruling and affirmed the order of the Commission.⁴⁵ The Authority contended that the Act of 1957 precluded the Commission from authorizing new passenger stage operations in Los Angeles County. The Court recognized the extensive powers given to the M. T. A. and also that the Public Utilities Commission had no control over the Authority, but the court stated that the Act does not expressly curtail the Commission's powers to grant new certificates of convenience and necessity in Los Angeles County nor may restrictions be implied from the Act. Furthermore, the Court found that many areas in the county were not served by the Authority and in addition, the latter did not provide, nor did it intend to provide, the type of service which the Commission found necessary and convenient. The Court also noted that there were four publicly-owned transit companies and 36 privately-owned ones in the county. These, it held, had to be permitted to grow until such time as the Authority integrated them into a single system. The Commission had the power to grant permission to private utilities to provide transport services where public necessity and convenience required, although it was to be assumed that the Commission would give heed to the Act of 1957 so that its authorizations would not impede the growth of the M. T. A.'s system.

IV. The Los Angeles Metropolitan Transit Authority and the Los Angeles Metropolitan Passenger Traffic Problem.

Can the M. T. A. Fulfill its Purpose?

The foregoing survey of the Los Angeles Metropolitan Transit Authority and the legislative basis upon which it is constituted raises a series of questions

⁴⁵Los Angeles Metropolitan Transit Authority vs. Public Utilities Commission of the State of California, 343 P. 2d (1959), reversing on rehearing 339 P. 2d 129 (1959).

concerning the ability of the agency to deal with the problem of moving people in the Los Angeles area, to say nothing of the relation of it to the over-all issue of transport and transport facilities for the region. Is it a rapid transit authority and can it, within the present statutory framework, provide rapid transit in the usual meaning of that term? Is it set up so that it can provide for a coordinated system of rapid transit and other facilities for the movement passengers in the region? Has there been any real change or is there the basis for any real change in the situation which existed prior to the acquisition of the private transport undertaking? To whom is the Authority answerable for the discharge of its functions under the law and is it in fact so constituted as to insure operation in the public interest? Is there any likelihood that the Authority can make an appreciable contribution towards developing public passenger transport facilities superior to those provided by the former private owners and at no greater cost to the general public than previously?

These and other similar questions emerge because of the peculiar constitution of the Authority, the sweeping powers which it enjoys, and the severe limitations imposed upon its activities by the legislation, and by the restrictions on its future activities resulting from the conditions relating to the acquisition of the Los Angeles Transit Lines and the Metropolitan Coach Lines. The Act of 1957 is so full of contradictions and omissions, and the scope of the powers given to the members of the Authority so great, that it is scarcely possible to present an accurate description of the agency and an appraisal of its potentialities without inviting contradiction and probably severe criticism on grounds of inaccuracy.⁴⁶ In other words, the legislation is badly written from the standpoint of the problem

⁴⁶ For example, the Authority was set up to deal with rapid transit within Los Angeles County and the members of the Authority must all be residents and registered voters in the county, yet the corporation operates busses (the Freeway Flyers) all the way to San Bernardino. It rejected the request of the City of San Bernardino to take over bus line operations (privately owned) in that city on the ground that they could be operated only at a loss. Then, too, although the Authority is free from any outside control, it is limited through legislative prescription, in future actions by virtue of its bond financing and may be further limited by conditions included in the bond indentures imposed upon the Authority by itself.

with which the public had every reason to believe it was supposed to deal, whatever may have been the advantages to the owners of the properties which the Authority acquired.

The statute under which the Los Angeles Metropolitan Transit Authority operates cannot be characterized as a comprehensive and coherent piece of legislation for rapid transit planning and development. The territorial scope of the undertaking is limited to Los Angeles county, certainly insofar as any rail rapid transit is concerned. Thus, rapid transit for the metropolitan area that falls outside the boundaries of the county cannot be constructed by the M. T. A. as presently constituted. Furthermore, any development of rapid transit that involved construction that passes over or under public property, necessitates the sanction of the public authority governing the property where the passage takes place. Comprehensive planning for rapid transit obviously is going to require cooperation with more than just the governments of the city of Los Angeles or Los Angeles county. There is the additional fact that any bond indenture may contain provisions which prevent the Authority from embarking upon any arrangements or entering into any agreements which impair or impede the operations necessary to produce adequate revenues. Nor, may additional bonds be issued for the purpose of acquiring, constructing or completing the system, or any part thereof, if the existing indentures prevent it.⁴⁷ Indeed, the powers given the M. T. A. with regard to the issuance of revenue bonds and the conditions which the indentures may contain are such, it would appear, as to subject it to the total and immediate control of the bondholders.⁴⁸ It is obvious, that nothing

⁴⁷Ch. 5, sec. 5.13 and 5.17

⁴⁸The writer has not seen the indentures nor the conditions contained therein, but it is certain that they are as restrictive with regard to the provisions necessary to protect the position of the bondholders as the law permits. One may venture the opinion that the general public is the only real victim, so far as protection is concerned, under this statute.

will be done by the Authority that will impair their existing position, and presumably even the State legislature cannot amend the law in a way that will impair the existing position of the bondholders.

From this emerges the inescapable conclusion that, despite the expensive studies being made for rapid transit, especially monorail, the present Authority is most unlikely to embark upon any rapid transit undertaking. The prospects of such a system that could pay its way in keeping with the prescriptions under which the M. T. A. is now operating seem to be nil. Over-all coordination of passenger transport for the Los Angeles Metropolitan Area, which was the expressed objective of the Act of 1957 seems to be beyond the realm of realization within the framework of the present legislation.⁴⁹

Evaluation of the M. T. A.

The Act of 1957 specifically exempts the M. T. A. from any control whatsoever by the Public Utilities Commission of California, nor is there any substitution of other control to take its place. The law contains no provision for the removal of members, once they have been appointed to the board; they are not required to issue reports concerning the operation of the system, to any public authority; they are directly answerable to no legislative or administrative body for their actions, nor to an electorate; and they are limited only by their own judgment and the contracts with the bondholders in the exercise of the wide discretionary powers conferred by the statute. They may fix rates as they see fit and change them without notice or hearing and there are no standards of

⁴⁹The time table for the development of a rapid transit system when the discussion of Assembly Bill 1104 (1957) was taking place and was given by Mr. Ralph Merritt as follows: purchase of the Los Angeles Transit Lines by Dec. 31, 1957; completion of the first rapid transit studies by Dec. 31, 1958; construction of the first 40 miles of rail line between the San Fernando Valley and Long Beach in 1959 and the completion of additional studies. (Los Angeles Times Mar. 15, 1957.) Perhaps, the Los Angeles Times was right when commenting in an editorial on the proposed legislation, of 1955 (S. 1308) it said that the Los Angeles Metropolitan Transit Authority may not be yet the grand design seems to be-a device for facilitating the building of monorail lines. (Los Angeles Times, May 4, 1955.)

service or requirements in the legislation with regard to extensions, development or coordination. The only limiting conditions in this connection appear to be in the bond indentures, which were agreed to by the Authority using its own discretion, or conditions of the sale of the bonds for securing the funds for the acquisition of the private lines.

The law permits payments in lieu of taxes and franchise fees, but there is no compulsion, and the general counsel for the M. T. A., as already noted, has stated that such payments would, in his opinion, be illegal under the state constitution. The city attorney for Los Angeles, Mr. Roger Arnebergh, reported to the city council that according to his estimates there would be a loss of \$3,035,530 in city, county, state and federal taxes annually as a result of the acquisition of the private lines.⁵⁰ In addition, the bonds and all income therefrom are exempt from all taxation in California other than gift inheritance or estate taxes. Whatever the total tax loss to the various governmental agencies may be, these, together with the increase in fares that have been instituted must be matched against the alleged benefits the local traveling public has received as a result of the operation of the M. T. A.

Although it must be recognized that the Authority has been in existence for only two years and, therefore, can scarcely be appraised on accomplishment or lack of it so far, nevertheless it is reasonable to raise a question concerning what it has done and what it is likely to do. It is not apparent that there has been any change of significance to the patrons in the operation of the lines taken over by the Authority, and certainly none worth the cost that this has entailed to the taxpayers to date. That the future operation of the bus lines will offer

⁵⁰Herald-Express, May 13, 1955. Total taxes paid by the Los Angeles Transit Lines, The Metropolitan Coach Lines and the Asbury Rapid Transit System (exclusive of social security taxes) for the calendar year 1957 were reported to the Public Utilities Commission as amounting to \$3,694,423.

advantages and services that private ownership could not provide may be doubted, but in any case this was not the purpose for which the Authority was created.

So far, the development of plans for rapid transit has not proceeded to the stage of the form which it may take, let alone routes, costs, financing, even feasibility and so forth. The most that has emerged to date, is drawing board projections and artists' sketches of monorail facilities. More important, however, is the fact that when engineering plans have crystallized to the point that concrete proposals are presented to the public, there appears to be no possibility of putting them into operation within the present framework of the M. T. A. What may have been one of the first steps of preparing the public for this eventuality was given by Mr. Gilliss, the executive director, at the 12th annual California Street and Highway Conference when he pointed out how helpful the state could be by including a transit right of way as an integral part of future freeways, by making areas available beside existing freeways for rapid transit structures, and by underwriting bonds, which even initially, might amount to \$250 millions.⁵¹ All of this leads to the conclusion that the Act of 1957 has not presented any advantages, or at least any commensurate with the cost to the general public over the Act of 1951. In addition, it has provided no better means of developing a satisfactory system of rapid transit. Furthermore, the advantages over the previous private operations have yet to be demonstrated.

V. Conclusion

At the present time there appears to be almost a total lack of a concept of a master plan for passenger traffic and the coordination of passenger transport and rapid transit for the Los Angeles Metropolitan area. In light of the present

⁵¹M. T. A. Newsletter, Jan. - Feb. 1960. See also Los Angeles Times, Mar. 9, 1960.

legislation and the conditions surrounding the acquisition of the properties operated by the M. T. A., it is very doubtful that a system of mass rapid transit can be established without additional action on the part of the state legislature. Even that would appear to face real obstacles. It does not seem to be too rash to assume that mass rapid transit comprising any form of rail transport would require the establishment of a separate and independent agency. This might also present severe, if not insurmountable, difficulties because of the possible impact of the new transport facilities on the revenues and position of the present M. T. A.

These difficulties could be overcome by legislation which would transfer the responsibility for the obligations, already incurred, to the new agency with full responsibility for those obligations being assumed by the new agency, with public guarantee of them. In other words, those who have financed the present M. T. A. seem to be in the position of being assured that nothing can be done to impair their present position, so far as the development of mass rapid transit is concerned. The M. T. A. is not obligated to develop mass transit if the present controlling interests do not see fit to do so and legislation that aimed at creating a rival enterprise to accomplish this would encounter severe legal obstacles. What this augurs for the moving of people in the metropolitan area by public transport may well be a cause for real public concern!

What Los Angeles needs is a "start at the beginning" as recommended by the university Presidents' Advisory Committee, but of a different sort. An example of the type of "start" that would offer more prospects of positive results is afforded by the Joint Committee on Washington Metropolitan Problems under the chairmanship of Senator Alan Bible of Nevada.⁵² The problems of Los Angeles are certainly as complex and worthy of as serious and detailed attention at those of the nation's capital.

⁵² See: Washington Metropolitan Area Transportation Problems, Hearings before the

Joint Committee on Washington Metropolitan Problems, 85th Cong., 2d. session, 1958; Transportation Plan for the National Capital Region, Hearings before the Joint Committee, 86th Cong., 1st session, Nov. 1959; Metropolitan Transportation, Staff report to the Joint Committee, 86th Cong. 1st session 1959; Preliminary Financial and Organizational Report regarding Metropolitan Transportation, Joint Committee, 86th Cong. 1st session 1959; Meeting the Problems of Metropolitan Growth in the National Capital Region, Final Report of the Joint Committee, 86th Cong. 1st. session, Report no. 38, 1959; Organization for Transportation in the National Capital Region, Selected Documents for the Joint Committee on Washington Problems, 86th Cong. 2d session, 1960.

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