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DEPARTMENTAL

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

1060 SOUTH BROADWAY
LOS ANGELES

DO NOT INCLUDE MORE THAN ONE SUBJECT IN THIS COMMUNICATION

DATE: February 12, 1973

TO: Jack R. Gilstrap

FROM Dan Miller

SUBJECT: RTD History Memo

The attached memo discusses RTD history with particular reference to the rapid transit efforts of RTD and MTA.

The section of MTA (pp. 1-21) is taken from a memo, with slight editing and deletions, which I believe was written by John Curtis. The section on RTD (pp. 22-32) was taken from a John Curtis memo of September 1972, to which I added sections on AB 2136, SB 325 and modified the description about the District's current Corridor Selection Study. Some of the wording for the sections I added was taken from RTD Annual Reports.

DM

DAN MILLER

DM:mo
Attachment:
cc: B. Foster

A HISTORY OF THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT AND ITS PREDECESSOR THE LOS ANGELES METROPOLITAN TRANSIT AUTHORITY

ORGANIZATION OF LOS ANGELES METROPOLITAN TRANSIT AUTHORITY 1951

Los Angeles Metropolitan Transit Authority was created by the California State Legislature in 1951. Its powers were in effect limited to study of the mass rapid transit problem. The area of the Authority's concern was defined as the "San Fernando Valley west of the west boundary of the City of Glendale, and within four 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... ."

To maintain its limited organization and to finance the necessary studies, the Authority relied upon funds appropriated by the Los Angeles County Board of Supervisors.

MONORAIL STUDY 1954

On January 15, 1954 the Authority received reports from Coverdale & Colpitts, Gibbs and Hill, Inc., and Ruscardon Engineers, who had been engaged to investigate feasibility of a monorail line between San Fernando and Long Beach within the limits defined in the Act.

The Consultants recommended that the Authority be exempted from taxation on its property and exempted from regulations by the State

Public Utilities Commission, and that appropriations should be made by the appropriate agencies of State or County for the further steps in engineering, financing and administration which necessarily must supplement the submitted report. They also recommended that economic and engineering features of a modern elevated rapid transit system be given comparative study.

The Consultants concluded that, "provided appropriate legislative action is taken and further reports are completed as required, the development of a mass rapid transit system by monorail for Los Angeles as herein described appears to be feasible."

The Authority in fact found it impossible to secure either the broadened powers or the financing to carry the project to a successful conclusion.

BUS RAPID TRANSIT STUDY 1955

Seeking a possible alternative to a grade-separated rail rapid transit system, the Authority engaged Coverdale & Colpitts to investigate whether the operation of buses using freeways, highways, streets and loading zones would be a complete and satisfactory solution to the Los Angeles transit problem. The report to the Authority on January 31, 1955 concluded:

> Buses are an essential part of mass transportation in Los Angeles. In our opinion they cannot be considered as a "complete and satisfactory" answer to the mass rapid transit problem, because on certain routes they cannot compete in speed or convenience

with the private automobile sufficiently to cause the automobile riders to use the mass transit facility. On the other hand, on certain routes where the density of travel justifies it, rail rapid transit provides a service superior even to the private automobile. The essential feature of any satisfactory mass rapid transit system in Los Angeles is that it must be such that it can divert people from the use of passenger automobiles and consequently reduce the congestion on the freeways, the highways and the city streets, and furthermore, permit the growth of population in the peripheral areas without imposing a severe penalty of excessive travel time between home and business. The proper development of all parts of the metropolitan area requires a reasonable and swift flow of traffic between them.

NEW AUTHORITY POWERS

As it had become apparent that the Authority as then constituted was unable to proceed with the development of a rapid transit system, substantial changes were made in the enabling legislation by the 1957 session of the State Legislature.

In line with the findings of the studies which had been made, the Authority was granted exemption from taxes on its property and was exempted from regulation by the State Public Utilities Commission in matters other than safety standards. The limited area within which the Authority was empowered to act was broadened to cover all of Los Angeles County, and the definition of "mass rapid transit" was broadened to include all forms of surface, elevated or subway passenger transportation.

Acting under these powers the Authority acquired the properties and operations of the two principal mass transit agencies in Los Angeles County, the Los Angeles Transit Lines and Metropolitan Coach Lines. The acquisition of these properties was financed through the sale of 40 million dollars of revenue bonds by the Authority.

On March 3, 1958, the Authority commenced operation of those surface systems and proceeded with the coordination of the services into a single unified system.

AUTHORITY SYSTEM OPERATIONS

In the operation of the surface lines system the Metropolitan Transit Authority integrated the services of the former carriers to improve service to the public and to realize the efficiencies and economies inherent in unified mass transit operations.

In 1961, an extensive network of motor coach operations conducted by Cross Town Suburban Bus Lines, Inc. was acquired by the Authority by purchase. These lines, operating in that part of the County south of downtown Los Angeles and extending from the west beach cities to Whittier and Norwalk, permitted a substantial extension of service on the Authority's combined system. New services were also instituted in the Alhambra, Glendale and Riverside areas where local systems found it financially impossible to continue to provide service.

Although it is apparent that bus operations on the freeways cannot satisfactorily perform the complete rapid transit function, express bus services were established and expanded on all the appropriate freeway routes as the construction program had made such routes available.

While providing continued and expanding services, the Authority fully met all of its financial obligations during its five years of existence as an operating agency. During each fiscal period all financial requirements, including provisions for depreciation, interest, reserves and debt retirement were met in full.

RAPID TRANSIT PLANNING

In the discharge of its responsibility for developing a feasible rapid transit plan, the Metropolitan Transit Authority through its staff and expert consultants completed the following studies:

Study of Public Transportation Needs for the Determination of Potential Rapid Transit Routes

This study, completed May 5, 1959, under the direction of Coverdale & Colpitts, surveyed the movement of people by all modes of travel in the Los Angeles area and identified eight "corridors," or major streams of travel. Of these, four corridors were chosen for initial study of rapid transit routing, appropriate type of facility, and economic feasibility. These four corridors extended from Santa Monica through Beverly Hills, the Wilshire district and downtown Los Angeles to Covina in the San Gabriel Valley, to Long Beach on the south, and to Reseda in the San Fernando Valley.

Comparative Analysis of Rapid Transit Equipment and Routes

This study was submitted to the Authority by Daniel, Mann, Johnson & Mendenhall, Engineering Consultants, on August 26, 1960. The report evaluated the many types of rapid transit systems in operation throughout the world, and many concepts not yet fully developed, in terms of performance, passenger comfort and convenience, and economics. The report furnished estimates of construction costs and maintenance costs with respect to several alternative systems serving the four corridors described.

Economic Feasibility Study - Seventy Five Mile System

An estimate of the revenues, operating costs and debt service requirements of the full 75 mile system serving the four corridors was made for the Authority by Coverdale & Colpitts and a report thereon was submitted December 6, 1960. From this study it was concluded that system revenues could meet operating and maintenance costs, equipment cost and make a contribution to debt service, but could not meet full capital costs. Financing of the full system under the Authority's revenue bond powers was found impossible.

For purposes of the study, the "minimum cost" design among those examined by Daniel, Mann, Johnson & Mendenhall was assumed. This system contemplated elevated construction throughout substantially the entire 75 miles of route, including those portions projected for the commercial areas of the Los Angeles Central Business District and Wilshire Boulevard. The amount of the bond issue assumed to finance this system was $625 million.

Backbone Route Plan

As the Authority's financing powers were limited to the sale of revenue bonds, attention was next directed to an examination of the possibility of financing construction of some portion of the total rapid transit system by this means.

After examination of data developed in previous studies, the staff concluded, in report to the Authority on August 25, 1961, that the portion of the 75 mile system extending between Beverly Hills on the west and El Monte on the east could attract sufficient patronage and revenue to meet both operating and capital costs provided long term financing in the required amount of $233 million and a favorable interest rate could be secured. Public discussions of the all-elevated system had established that this type of facility was not acceptable in areas such as the Central Business District and Wilshire Boulevard and the Backbone Route Study, therefore assumed underground construction of these portions of the route, which are the areas capable of attracting the maximum rapid transit home to work traffic.

In addition to the ability to attract a maximum volume of patronage, this route serving the areas of prime concentration of destination interest would form the logical basis for subsequent extensions and development of a comprehensive system.

Efforts to Secure Federal Financial Aid 1961 Loan Program

Federal interest in the subject of urban mass transit legislation was first evidenced in 1960 with passage of the Williams Bill which proposed to provide loans and demonstration grants to local transportation agencies. As originally enacted, it established the Government's interest in the problem and proposed to provide limited funds for loan and grant programs; $25 million for demonstration grants and $50 million for loans. The demonstration grants were for research and experimentation, not for long term capital improvements. Actual appropriation of funds, however, amounted to only $42-1/2 million, the program to be administered by the Housing and Home Finance Agency.

In an effort to provide a means of financing the Backbone Route, Senator Engle in 1961 introduced Senate Bill No. 2390 which would have increased the loan fund under the Williams Bill to $500 million, which was sufficient to cover the needs of the M.T.A. and other similar agencies. M.T.A. officials made vigorous efforts in support of this Bill.

In the course of work on the proposal with the various interested agencies in the Federal Government, the Authority requested to devise a method of financing which would not require such a large appropriation by the Federal Government. The alternate method proposed was a Federal Guarantee of Authority revenue bonds, which would have accomplished the same purpose without requiring any appropriation of Federal funds. This concept was introduced by Senator Engle as an amendment replacing the provision for increased loan funds.

Backbone Route Engineering and Economic Studies

In order to provide the expert testimony in support of the Engle loan guarantee amendment, the Authority engaged Kaiser Engineers to perform preliminary engineering design and construction cost studies of the Backbone Route and engaged Coverdale & Colpitts to prepare a report on the economic feasibility of the project. Preliminary findings, which indicated that the program would be self-supporting and self-liquidating on the basis of a fifty-year financing at a 3-3/4% interest rate, were completed in February 1962 for hearings before the Committees of the United States Congress.

The engineering and economic studies were carried to a conclusion in June 1962 in order that complete data required for financing would be available. Based on the more complete study, and the Federal Guarantee financing plan, it was estimated that the total project cost, including the cost of building the Backbone Route, acquisition of rights-of-way, refinancing the M.T.A. $40 million bond issue, and providing for interest during construction, would total $228 million. The economic evaluation of the plan substantiated the conclusion that projected net revenues would be sufficient to meet debt service provided financing could be secured at a favorable rate of interest.

Efforts to Secure Federal Aid - 1962 Guarantee Program

Senator Engle's loan guarantee bill was considered along with the Administration's proposal for increased grant funds in the 87th Congress during the year 1962. Under the new Administration proposal, the grants would be available for the construction of rapid transit with the Federal Government paying two-thirds of the "Net Project Cost," i.e. that portion of the total cost which could not be paid from the revenues of the project. Local sources were expected to supply the other one-third of the "Net Project Cost."

Numerous hearings were conducted by the appropriate House and Senate Committees and supporting testimony was presented by Governor Brown, Authority officials, financial experts, consulting engineers, and other supporters of the programs. Governor Brown made a special trip to confer with President Kennedy and Secretary of the Treasury Dillon to gain support for the loan guarantee bill. Despite the intense efforts of the supporters of the bill, neither the loan guarantee nor the Administration's grant bill were passed by the Congress.

Following the close of the 87th Congress, M.T.A. officials sought to arrive at a proposal for Federal legislation which would be satisfactory to the Treasury Department, the principal opponents to the guarantee bill. As a result of these negotiations, it was found that Treasury support could be obtained if the tax exemption feature were removed from the guaranteed bonds. While it still appeared possible to work out a program for financing the Backbone Route under these more restrictive conditions, it was found that many groups, such as the American Municipal Association, were opposed to any legislation which might threaten the tax exempt status of the bonds of any Municipal, County, or State agency, and the Authority was advised by the Administration and Senator Engle that this opposition would be sufficient to defeat the legislation.

The Administration's bill was subsequently passed and provided a $500 million fund for making grants to local transportation agencies. However, the Bill as written offered little help to the M.T.A. In order to qualify for a grant, it is necessary to provide one-third of the "Net Project Cost" from sources other than the operating revenues of the system. This requirement could only have been met by extending some tax powers to the Authority.

Program for Tax Supported Fifty-Eight Mile System

It was then apparent that the Federal Transit Aid Program, which appeared to offer the only possibility of financing even a minimum first stage rapid transit program out of revenues alone, would not alone provide the support necessary. Authority studies, made from its own resources since 1958, had been advanced to the point of defining the need and the potential for action on a rapid transit program. Each year of further delay in starting construction would not only dangerously postpone the time when traffic relief and the advantages of improved transportation could be realized, but also would increase the cost of the program because of rising prices.

Since other means of financing had been exhausted, the Authority proposed an immediate start on construction of a basic rapid transit system which included 58 miles of route providing service to many areas of pressing need, with the modest level of tax support necessary to finance such a system.

The proposed system included the Backbone Route between Beverly Hills and El Monte, with subway extension westward from Beverly Hills through Westwood, an area of rapid growth in residential and commercial development and the site of the University of California at

Los Angeles. The Backbone Route would also be extended a short distance beyond El Monte on the east to provide better integration with the highway system and more adequate parking facilities for commuters. A line serving Hollywood and the San Fernando Valley would be built from the Wilshire trunk line north through Cahuenga Pass through North Hollywood to Victory Boulevard, and a line extending south from the Los Angeles Central Business District would be built to Long Beach, serving the cities of Huntington Park, South Gate, Lynwood, Compton and conveniently accessible to many neighboring communities in the southern part of the County.

The plan proposed that, if financing could be promptly accomplished, the first section of the system, between the Central Business District and El Monte, would be opened to traffic in the fall of 1966. The Long Beach line would be completed in the spring of 1967, the Wilshire-Beverly Hills section in subway by the summer of 1967. The San Fernando Valley route, involving the more difficult construction through the Santa Monica Mountains, would be in service by 1969.

It was estimated that the system, when completed, would be carrying nearly a quarter million passengers a day, a large proportion of them in the areas where traffic problems are most acute and where the healthy economic development and growth will be increasingly handicapped by street congestion and parking problems.

The cost of the 58 mile system was estimated at $649 million. This represented the entire cost and included all construction, right-of-way and land costs, parking facilities, and rolling stock. It also included refinancing the existing M.T.A. bonds. This refinancing was not due to any financial difficulties of the present system; as described above, all obligations were being met and generous reserves were being maintained. Refinancing was required because portions of the existing surface lines traffic, which provide the security for the present financing, would be transferred to the new rapid transit lines.

It was estimated that the Authority's total integrated system, including surface and rapid transit systems, would meet all of its operation, maintenance and depreciation costs and approximately two-thirds of the total capital cost on a 40 year 4% financing.

The Authority proposed that the remaining portion of the capital cost of the program be met by a property tax in Los Angeles County, the rate being limited to a maximum of 15¢ per $100 of assessed value. It was estimated that the maximum actual requirement would not exceed 13¢ during the construction period and will decline to 8-1/4¢ in the first year of system operation. In later years, because of growth of system traffic and growth of community tax resources, it was anticipated would decline to 6¢ or less.

The property tax means of support for the system was suggested for several reasons:

1. It has been the experience in other cities that good rapid transit facilities encourage property improvement and development and increase property values and therefore, increase total community property tax resources.

2. The tax is relatively simple and can be assessed and collected without great overhead cost.

3. The rate is readily adjusted to meet current requirements from year to year.

EFFORTS TO FINANCE RAPID TRANSIT

Substantial strides had been taken toward solution of the problems of system adaptation to the transportation requirements of the region and design of facilities and equipment suited to the controlling safety, service, capacity, comfort and aesthetic considerations. The Authority's work in the determination of corridors and system concept had been substantially aided by the work of similar nature which had been performed by the Los Angeles Regional Transportation Study (LARTS). With respect to system technology, the development work in communities where completely new systems have been conceived, of which Toronto, Montreal and San Francisco are examples in North America, and where older systems facilities and equipment have been modernized, had been drawn upon to supplement the original and creative design work of the engineering staff.

It is only in the area of system financing that the effort to develop needed rapid transit facilities for the region failed, and this failure was due to the inadequate powers of the Los Angeles Metropolitan Transit Authority in that regard.

The only means by which LAMTA was empowered to raise funds for the community's investment in a rapid transit system was through the marketing of revenue bonds. The only security offered the investor in revenue bonds is the net revenues of the enterprise. The marketability of such securities, thus, requires not only assured prospects of net earnings for the full term of the issue adequate to meet interest charges and principal payment, but a substantial margin of net earnings over and above that level. Revenue bonds also normally command an interest rate higher than that of secured borrowings.

These requirements are difficult to meet even for an enterprise with excellent earning prospects. The Authority succeeded in financing the surface transit system by this means, due at least in part to the fact that surface transit capital cost requires a relatively small share of gross revenues and is retired on a relatively short term. While the Authority met all the interest, principal and reserve requirements of its surface system financing and its securities are well regarded in the financial market, it exhausted all possibilities of revenue bond financing of rapid transit facilities without success.

The first test of revenue bond financing of a regional rapid transit system was an economic evaluation of a four-corridor, 75 mile system. In a report submitted on December 6, 1960, Coverdale & Colpitts produced estimates of income of the projected system. The results are summarized as follows:

Estimated Cost of Construction (per Daniel, Mann, Johnson & Mendenhall)	$529,700,000
Probable Amount of Bond Issue (Including refinancing of surface system, interest during construction, etc.)	$625,000,000
Net Operating Income Available for Depreciation and Debt Service	
Estimated Year 1965	$20,504,000
Estimated Year 1980	$26,597,000

An annual level debt service on a revenue bond issue of $625,000,000 at 5-1/2% would amount to approximately $39,000,000, it was apparent that the 75 mile system could not be financed.

The detailed economic evaluation of the 75 mile system indicated that one portion, the portion of the east-west route extending between the Beverly Hills area and the San Gabriel Valley, showed the highest level of projected patronage and revenue on the system. The Authority staff made an analysis of this 23 mile section and found that the net earnings potential on this section was also substantially more favorable than the system average.

During this period appeared the first evidence of the Federal Government's concern with the development of adequate public transportation in urban areas. This took the form of an appropriation of $42.5 million for demonstration grants and loans, (referred to above in the discussion of the 1961 Loan Plan), the program to be administered by the Housing and Home Finance Agency. Although this legislation alone would not provide a means of financing the capital cost of rapid transit, it suggested the possibility that a valuable first stage of a rapid transit program might be accomplished under a revenue bond financing with Federal support. As a means to this end, Senator Engle in 1961 introduced his Senate Bill No. 2390, which provided for a loan fund of $500 million for urban mass transit development. This sum was considered to be sufficient to meet the needs of a first stage of the Los Angeles system and pending needs of other areas.

In the course of the vigorous efforts of LAMTA in support of this bill, Federal agencies suggested that a method of aid which would not require substantial direct appropriation of Federal funds be devised. The alternate method developed was a Federal guarantee of the revenue bonds of urban transit agencies for construction of financially feasible projects. This program would have had two decisive benefits; the guarantee would afford a low rate of interest, and the requirement of earnings substantially in excess of annual debt service typical of unsecured revenue bond financing would be avoided. Senator Engle amended his bill to substitute this program for the expanded loan provisions. Congressional hearings on the amended bill were set over to the 1962 session.

The financial feasibility of a high-potential first stage of the Los Angeles system was investigated for the Authority by Coverdale & Colpitts. In their report dated June 30, 1962, that firm found that the 23 mile section of the rapid transit system between the Beverly Hills area and the San Gabriel Valley would produce estimated earnings sufficient to meet the capital cost of $288,400,000 if financed on a 50-year term at an interest rate of 3-3/4%. These conditions were believed to be within the limits of reasonable standards which might be set for a revenue bond guarantee program under the pending legislation.

When the Congress considered the subject of urban transportation in the 1962 session, the national administration proposed a program of grants-in-aid for rapid transit development. Under the new administration proposal, the Federal Government would contribute two-thirds of the "net project cost" of new rapid transit facilities, i.e. that portion of the cost which could not be paid from the revenues of the project. Local tax sources would be required to meet the remaining one-third of the net project cost.

The Administration's program would not provide the means for raising the capital for construction of the Authority's program, and the Authority had no tax funds from which to provide the required matching money. Therefore efforts were continued to secure acceptance of the loan guarantee program.

At the close of the 1962 session neither the loan guarantee nor the Administration's grant program had been passed by the Congress. It was apparent, however, that the eventual outcome of the issue would be legislation in the form of a grants-in-aid program offering, within the limits of appropriations, Federal funds to match local tax funds in support of rapid transit systems development.

It was apparent at this point that the financing of rapid transit in the region under the revenue bond powers of the Authority, and in the absence of local tax support to qualify for Federal aid, was impossible. A proposal was therefore advanced to broaden the Authority's financing resources through authorization of a modest level of property tax power by the State Legislature to permit construction of some 58 miles of system in portions of four corridors. This initial program was estimated to cost approximately

$649 million, and financial projections indicated that the retirement of the capital cost on a 40 year term could be accomplished from system net revenues plus ad valorem tax support in Los Angeles County not to exceed 15¢ per $100 of assessed valuation.

This proposal had the desirable effect of stimulating discussion of the crucial problems of financing the rapid transit program, and of clarifying the necessity for some form of financial support to bring the needed system to reality. There was, however, a resistance to the adoption of the ad valorem tax proposal without thorough exploration of all possible alternative means of providing the tax support necessary to secure financing and to qualify for participation in the Federal aid program. A committee which included representatives of the County, the City of Los Angeles and the MTA was appointed to make such an investigation. Under the chairmanship of Dr. Norman Topping, President of the University of Southern California, this committee reviewed numerous forms of local tax support which had been proposed. After considering such aspects of the problem as tax yield, ease of collection, impact, and equity, the committee recommended an increase of 1/2 cent in retail sales tax as an appropriate form of aid for the rapid transit program. The recommendation was then referred to the Citizens Rapid Transit Action Committee, whose membership comprised community leaders in the fields of trade, industry, labor and public information media for review. This Committee, under Mr. Ferdinand Mendenhall as

Chairman, reported on May 22, 1963 the following conclusion:

> Failing to find a consensus of approval in the community, it is the conclusion of your Citizens Committee that the sales tax recommendation is not a feasible method of financing mass rapid transit in the Los Angeles area. Having reached this determination, and in view of recent developments at the State Capitol and in Los Angeles which suggest alternative financing methods, this Committee considers its immediate job completed.

The recent development at the State Capitol to which the report referred was the approval by the State Legislature of an amendment to motor vehicle tax legislation introduced by Speaker of the Assembly, Jesse Unruh. The Unruh amendment, which was enacted upon signature of Senate Bill No. 344 (1963) by the Governor, empowered any County, by action of the Board of Supervisors, to increase the in lieu tax on vehicles registered in the County from 2% to 2-1/2% per annum, the added 1/2% to be used exclusively for rapid transit purposes.

A second development of significance was the growing sentiment that, since the rapid transit system necessary for the progress of the Los Angeles region would require some form of local tax support, its development should be in the hands of an agency directly responsible to the elected officials of the region.

In the fall of 1963 the Assembly Interim Committee on Transportation and Commerce, with Assemblyman Thomas C. Carrell presiding, devoted several days to searching public hearings on the matter with the objective of drafting legislation which would break the impasse and clear the way for financing an early construction of rapid transit facilities to meet the ever increasing need for more adequate transportation facilities to meet the growth pressures of the Southern California region.

As a result of these hearings and the subsequent consideration of the issues, the State Legislature in 1964 Session created the Southern California Rapid Transit District, superseding the Metropolitan Transit Authority. The District, governed by a board appointed by elected local governmental officials, was given the power to develop a rapid transit program for submission to the electorate for approval of tax supported capital financing. The District took over the Authority's properties and operations on November 5, 1964.

ESTABLISHMENT OF SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

The Southern California Rapid Transit District was created by the Legislature of the State of California in 1964 by the adoption of Part 3 of Division 10 of the Public Utilities Code, Section 30636 of the Code provided that as soon as practicable a preliminary report was to be made as to a rapid transit service and system and, after public discussion thereof, to prepare a final report defining the system proposed to be constructed, its estimated cost, estimated income and maintenance and operation cost, and proposed method of financing.

FUNDING RAPID TRANSIT PLANNING

Although rapid transit planning and preliminary engineering studies had been conducted by the District's predecessor, the Los Angeles Metropolitan Transit Authority prior to 1964, major additional work would be necessary to satisfy the requirements of Section 30636 and to provide a fully documented proposal for submission to the electorate in a bond election. The District, having no resources other than riders' fares, did not have sufficient funds to complete the required planning and preliminary engineering.

Senate Bill 2 approved by the Governor on July 19, 1966 appropriated $3,900,000 to the District for the purpose of accomplishing the planning and engineering, and dissemination of information and reports required for the development of a rapid transit system.

The funds provided by Senate Bill 2 enabled the District to initiate work toward this objective in November 1966, when an engineering and planning program was undertaken to prepare a rapid transit plan for submission to the electorate. A group of highly qualified consulting firms, including Coverdale & Colpitts, Stanford Research Institute, Stone & Youngberg, and a joint venture of Kaiser Engineers and Daniel, Mann, Johnson and Mendenhall, were engaged to assist the District in this work. A technical study grant was awarded by the United States Department of Housing and Development under Section 9 of the Urban Mass Transportation Act of 1964 as amended, providing assistance at two-thirds of the net project cost. (During the course of the study the administration of the Urban Mass Transportation Act was transferred to the newly-created U.S. Department of Transportation.)

THE 1968 RAPID TRANSIT PLAN

The study, conducted under the guidelines established by the District Act, produced a Preliminary Report in October 1967 recommending construction of an initial four-corridor 62 mile rapid transit system. The Report set forth the proposed system in detail. Bond issue financing was analyzed in terms of the District's authorized general property tax powers and alternatives.

After public meetings and thorough discussion of the Preliminary Report, the District and its planning and engineering consultants produced in May 1968 the Final Report required by Section 30636 of the District Act. The Final Report responded to public reaction to the Preliminary Report by adding a fifth corridor to the initial system and providing extensions to the routes in the Wilshire District and the San Fernando Valley, recommending 89 miles of rapid transit construction at a cost of $2.5 billion. Negative reaction to property tax financing resulted in the proposal to meet debt service on the required bond issue from the proceeds of a 1/2% general sales tax. Legislation to permit the submission of such a proposal to the electorate was pending in the State Legislature.

Hearings were held on the Final Report, resulting in two minor modifications of route alignment. The Legislature having authorized the sales tax method of financing, the program was submitted to the voters of the District on that basis in the November 1968 general election.

The Plan provided for 89 route miles of grade separated, exclusive rights-of-way using aerial, ground level and subway structures. In addition to the existing extensive bus system, the rapid transit system would have been augmented by 850 additional buses operating over 300 miles of new bus routes providing local and express feeder bus service throughout the District.

Service provided by the five corridor plan would have brought more than two thirds of the entire population of Los Angeles County within ten minutes travel time of the recommended rail routes. As to employment locations, 42 percent of the 1980 total employment, in Los Angeles County would have been employed within one mile of the rapid transit system. Expansive station parking areas would have been provided at all suburban stations. Special express passenger service would have provided a key transportation link to air passengers at Los Angeles International Airport. In patronage, it was projected that more than 1,400,000 passengers would ride public transportation daily in 1980, with 477,000 on the rail system alone.

Although a distinguished public support group organized and urged adoption of the bond issue proposition, it failed to pass with a vote of approximately 45%.

THE SAN BERNARDINO FREEWAY BUSWAY

Analysis of the result of the election indicated that, while substantial support appeared in the urban areas, the lower levels of support in the far-flung suburban areas of the 2,000 plus square mile area of the District indicated that the potential for early approval of a large bond issue in the District as a whole at the required 60% level was low. The District, therefore, turned its emphasis on rapid transit toward the development of smaller initial system increments which could be accomplished with available resources, and the assuring of eligibility of the Los Angeles region for full participation in the new Federal programs which will be a major factor in the continuing effort to provide the transit facilities essential to the region.

In 1969 the planning and engineering efforts of the District produced a proposal for the construction of an exclusive express busway in the alignment of one of the corridors proposed for rapid transit in the 1968 program. The proposal received favorable reaction from concerned State and Federal agencies and, as finally developed and authorized, calls upon Federal Interstate Highway funds, State Highway funds, parking facility financing under the Federal Highway Act of 1970, and Federal Urban Mass Transportation Administration funds to defray most of the cost of the $60 million project. The busway, which is now under construction, will provide an 11-mile high speed bus rapid transit facility between El Monte and downtown Los Angeles, a significant break-through in transit. Acceptance of the busway program by UMTA and the other agencies represents not just an endorsement of the basic busway idea but also a recognition of the validity of the basic SCRTD planning and coordination carried our preceeding the grant application.

FEDERAL CAPITAL GRANTS FUNDING PROGRAM

Since 1968, the capital grants program of the Federal Government has become a major resource for rapid transit development.

Within the limits of fund availability, this program can provide up to two thirds of the capital cost of transit facilities. Eligibility for grants under this program is conditioned upon the existence of satisfactory comprehensive and transportation planning programs in each metropolitan region, and the completion and adoption of a regional transportation plan for both highways and public transportation. The State of California through the Transportation Development Act of 1971 (SB 325) has adopted a similar requirement with respect to the availability of SB 325 funds for transit. The District has taken the leading role in meeting these requirements with respect to the public transportation element through staff participation and consultant support in the regional transportation planning program of the Southern California Association of Governments, the officially designated regional planning agency. The progress made to-date on this program has assured District eligibility for Federal grants for the busway and other facilities, and will assure that further rapid transit construction will have the benefit of this essential financial resource.

PUBLIC FUND SUPPORT FOR OPERATING COSTS

In the face of increasing costs in an inflationary economy, the District was confronted with an increasingly difficult task each successive year of maintaining existing bus services at efficient levels in the 180 communities served by the District. It was clear to the District that fare increases of a magnitude sufficient to meet all costs of operation would demonstrably result in depriving of service those passengers who need it most and, by the same token, reducing the substantial contribution that public transportation makes to the economic health of the entire community.

Indicative of the recognition at all levels of government for the growing need for public fund assistance for public transit was the passage in 1969 of Assembly Bill 2136, the Lanterman Bill. AB 2136 empowered collection of a one-half cent sales tax in the District for a period of six months, beginning July 1, 1970. Funds generated by this local sales tax generated approximately $30 million for the District and $6 million to the then eight other publicly owned bus operations in the service area. Despite escalation of labor and material costs, the Lanterman Bill enabled the District to avoid fare increases and at the same time made possible a number of new lines, route extensions and other service improvements. As a one time only source of funding, the Bill carried the District through the middle of 1972 as originally projected.

Long term financial assistance first became available to the District with the passage by the State Legislature of Senate Bill 325. Signed into law by Governor Reagan in November 1971, this Bill extends the state and local sales tax to heretofore exempt gasoline sales. Without revenue loss to the state, the state sales tax was decreased from 4% to 3 3/4% while the local sales tas was increased from 1% to 1 1/4%. The new local quarter percent sales tax is channeled into a new county transportation fund to be used for public transportation funding in urban counties and may be used for road purposes or public transit in rural counties.

The amount each county will receive is based on the amount of sales tax generated in that particular county. Los Angeles is projected to receive approximately $42 million from the funds allocated to transit, beginning in the 1972-73 fiscal year, the first full year of the new law's operation. The Southern California Rapid Transit District may receive as much as $36 million of this amount, and the seven other municipal transit properties in the county will share the balance of $6 million.

The passage of the State Transportation Development Act of 1971 has permitted the District to undertake a further step in the incremental development of its rapid transit system. In December 1971, the District proposed that the City and the County of Los Angeles jointly allocate their new revenues from their increased sales tax revenues under the 1971 Act, to contribute towards the needed local funds to match with two-thirds funding from Federal capital grant funds to construct a starter rapid transit line of an eventual regional rapid transit system. The City and the County have taken steps to reserve their funds, and have joined with the District in organizing a study to define the project to be undertaken and to satisfy the planning and engineering requirements of undertaking the project. This study will be based in large measure upon the previous rapid transit studies. The Urban Mass Transportation Administration has allocated funds for two-thirds participation in the study, which is budgeted at $600,000.

Consultants have been selected for the City-County-RTD Corridor Study, which is expected to require approximately nine months for completion. Peat, Marwick, Mitchell & Co., Inc. will perform the function of control consultant in organizing and managing the study. The other consultants engaged include Kaiser Engineers - Daniel, Mann, Johnson & Mendenhall; Alan Voorhees & Associates; Wallace, McHarg, Roberts & Todd - Kennard & Silvers; and Stone & Youngberg. After a one month period of study design by the control consultant, the planning work started in October.

The minimal time period - 9 months - and limited amount of money required for the study - approximately $600,000 - as compared to more substantial amounts of time and money required for smaller studies, also is a direct result of comprehensive planning done in the past, particularly during the period 1966-68, when basic rapid transit corridor identification took place. Without this basic planning, the current corridor analyses would require far more time and money.

The City and the County of Los Angeles have each named technical committees to participate in the planning study, and the League of Cities, Southern California Association of Governments, and the State Division of Highways are also represented.

The accomplishment of the Express Busway and the participation of City and County in the current Corridor Study reflect the catalytic function performed by the 1968 Rapid Transit Plan and the continuing planning effort of the District. The County's adopted Environmental Development Guide and the transportation element of the City's evolving General Plan, both developed since 1968, both substantially incorporate the District's 1968 Plan, as does the Regional Transportation Plan in its present tentative stage. There now is, therefore, a common basis of planning upon which rapid transit progress can proceed.

To summarize: the rapid transit planning efforts of the District brought the rapid transit issue before the electorate of the District in 1968 with a transit plan which has become basic in the planning concept of the Los Angeles area, as reflected in the County Development Guide and the City's plan. The 1968 Plan provided the basis for authorization of the San Bernardino Express Busway now under construction. This was the first major commitment of highway funds to a joint highway - transit project and a beginning for rapid transit in Los Angeles. The continuing planning program has qualified the Los Angeles area for two-thirds Federal funding for transit, making possible the City-County-RTD rapid transit project currently under development. And throughout, the public has been informed of the basic transit issues, generating an awareness and support for transit.

This is evidenced by the adoption of programs affording financial aid for the maintenance and development of transit, and the joining together of the responsible public agencies in a common effort to begin construction of the rapid transit system which all now agree is necessary.