

A REPORT
TO
THE HONORABLE MAYOR AND CITY COUNCIL
OF THE
CITY OF SAN DIEGO

From
THE TRANSIT STUDY ADVISORY COMMITTEE
Justin C. Evenson, Chairman

March 15, 1965

THE TRANSIT STUDY ADVISORY COMMITTEE

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TO THE HONORABLE MAYOR AND CITY COUNCIL
CITY OF SAN DIEGO, CALIFORNIA

Gentlemen:

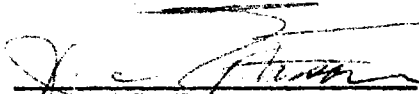
The Transit Study Advisory Committee is pleased to present herewith, their report on the transit problem facing the San Diego area.

Since last November when it was appointed, the Committee has convened on 24 separate occasions. In accordance with your instructions, the Committee met with interested group representatives many times. In addition, a number of letters, petitions, and communications reached the Committee through various channels and each of these was carefully evaluated. The Committee feels that it has given the transit matter thorough investigation and that the conclusions and recommendations contained in the report are soundly conceived.

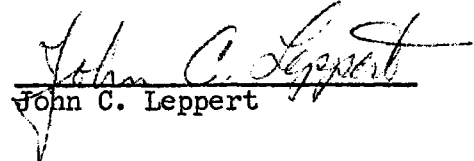
We express our sincere appreciation to the San Diego Transit System for its cooperation in making information available. Valuable assistance was also provided by three City staff members who were technical consultants to the Committee. These were: Walter Hahn, Jr., Assistant City Manager; Edwin L. Miller, Jr., Asst. City Attorney; and Martin J. Bouman, Transportation and Traffic Engineer, who acted as Secretary.

We appreciate the opportunity to have been of service to your Honorable Body and trust the information contained in this report will assist you in reaching a decision on this vital community matter.

Very truly yours,


Justin C. Evenson
Chairman


Edward S. Hope


John C. Leppert

Report of the Transit Study Advisory Committee

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Transportation: The Broad Picture

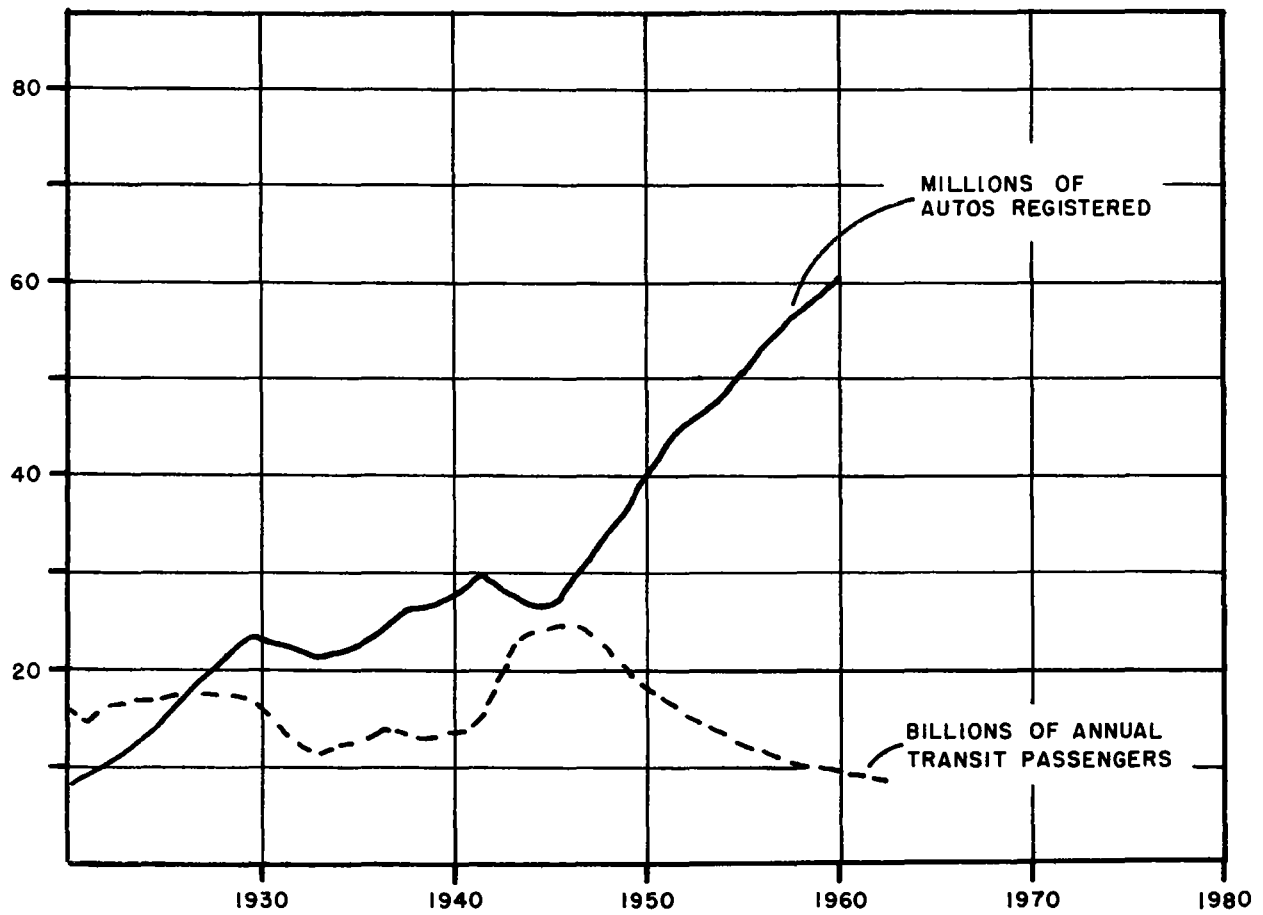
Although there was once a time when man depended only on his own two feet or on the strength of a beast for land transport, the real evolution of transportation began with the discovery of the rolling wheel. Since then, each time man has been able to improve his ability to transport himself from one place to another, he has traveled farther, broadened his horizon, and increased his scope of knowledge and interest. When we try to define our various methods of transportation today, we are apt to overlook much of the total picture. The word "public" should be used to define all methods of transport in contradistinction to what is known as scheduled transportation. In the United States, the broad public use of privately owned automobiles would rank as the number one means of transportation. This we should term "instant" transportation, as all one need do is turn the key and he is off to his destination. On-call transportation would include taxis, rentals, charters and other arrangeable time-and-place vehicles. Scheduled transportation would include buses, trains, airplanes, and any other form of transport where prearranged time and place schedules have been established. We are here concerned with this scheduled phase of moving people from one place to another.

Scheduled Transit: A 20th Century Dilemma

A careful study of scheduled transit systems points up the fact that historical concepts and traditional practices must be reviewed and revised. The mobility of the American people through the ever increasing use of private automobiles is the marvel of the last half century. This new order

has been gradual, as we view it in retrospect, but devastating as we now behold it as a competitive factor in the total transportation field.

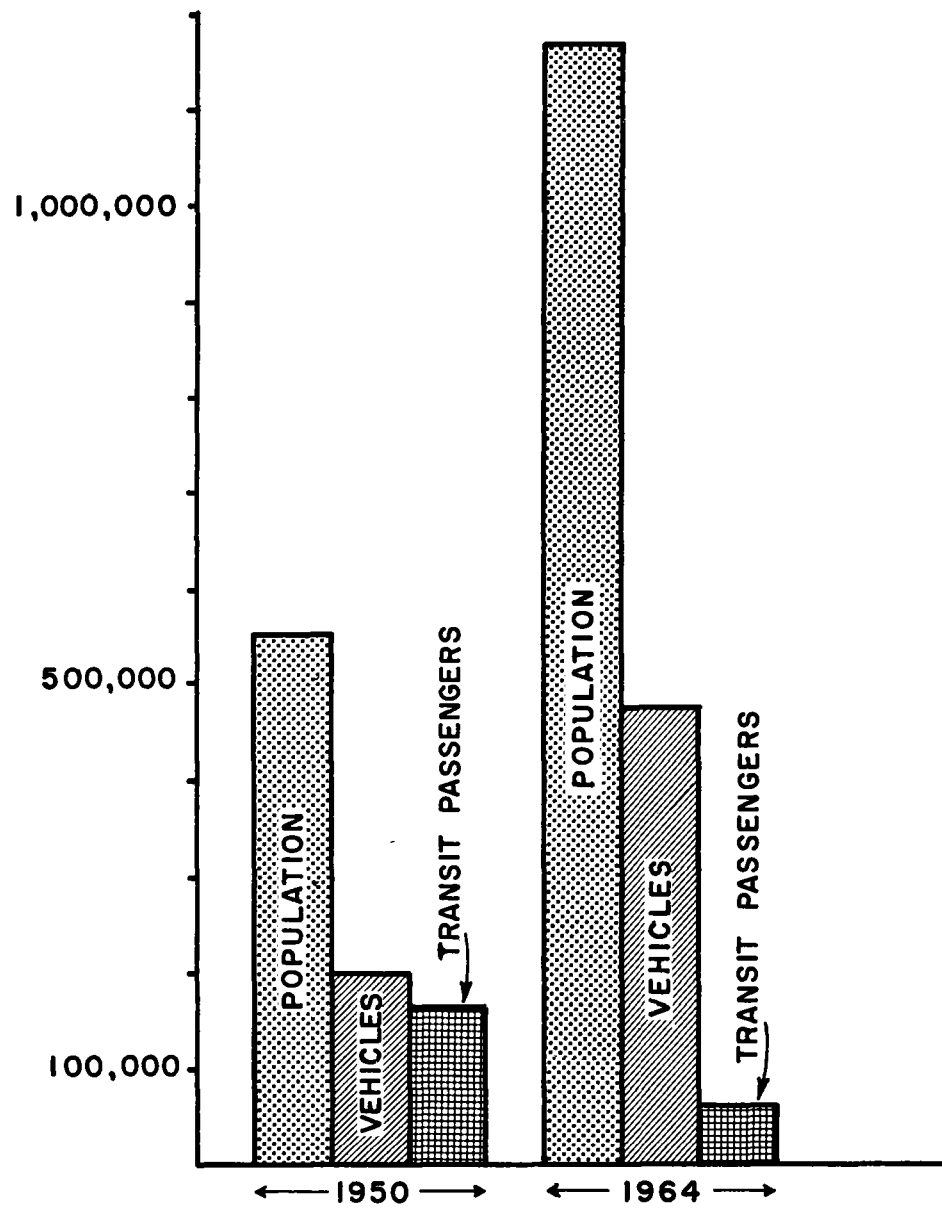
Increased downtown and perimeter parking facilities attract an ever greater flow of autos into the heart of the city. Shopping centers have as part of their allure, abundant free parking. Increasing freeway mileage is reducing travel time and adding to the convenience of private transportation. The operators of scheduled transportation complain that the flow of private cars on city streets creates stop, go, and wait conditions that discourage bus riding. National and local figures on automobile registration and transit usage lend support to this theory. (See Figures 1 and 2.)



U. S. AUTOMOBILE REGISTRATION AND TRANSIT PATRONAGE

Source: Future Highways and Urban Growth:
Wilbur Smith & Associates, 1961.

FIGURE 2



SAN DIEGO COUNTY POPULATION

1950 - 556,000

1964 - 1,170,000 (EST.) + 110%

PASSENGER VEHICLES - COUNTY

1950 - 202,052

1964 - 480,000 (EST.) + 138%

**AV. DAILY REVENUE PASSENGERS
SAN DIEGO TRANSIT SYSTEM**

1950 - 164,000

1964 - 61,600 - 65%

Source:

U.S. Bureau of Census

California Taxpayers Association

California Department of Motor Vehicles

Ernst & Ernst Report

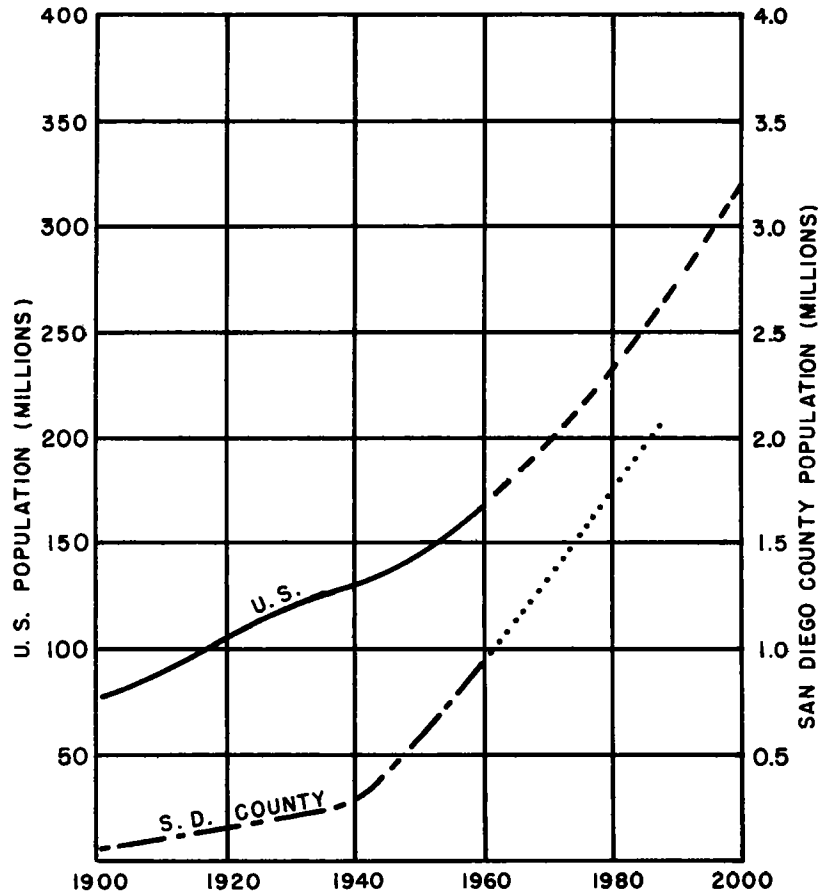
The Automobile: A Way of Life

The automobile owned by the average American family has assumed new importance as the principal operating equipment of family life. It provides mobility for the family in recreation travel and an earning tool for the breadwinner. Convenience far outshines cost for those who would argue that public scheduled transportation is less expensive than driving the family car.

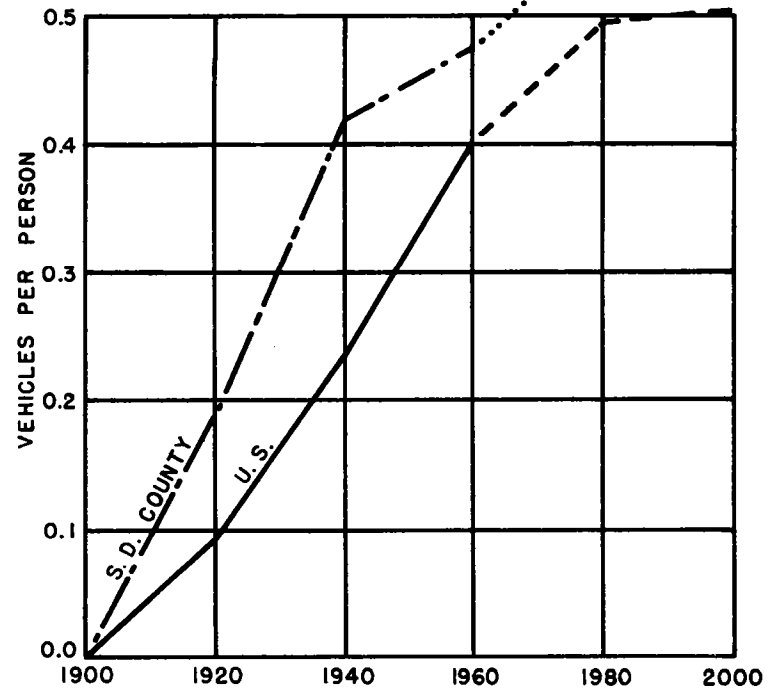
Many years ago the ownership of an automobile was a status symbol; a mark of prestige only enjoyed by those with above average incomes. In 1920, there was only one car for every ten people. But by 1940 there was one car for every five people, and in 1960, one car for each $2\frac{1}{2}$ people. Projections show an even greater number of cars by 1980. As our population zooms upward, the rate at which we buy automobiles is even greater.

(See Figure 3.)

U. S. AND SAN DIEGO COUNTY POPULATION
1900-2000



U. S. AND SAN DIEGO COUNTY
VEHICLES PER CAPITA
1900-2000



Source: Future Highways and Urban Growth:
Wilbur Smith & Associates, 1961.
San Diego City and County Planning Departments.
California Department of Motor Vehicles.

The Automobile and the National Economy

It is fair and reasonable to conclude that the automobile provides its private owner with efficiency, convenience and mobility superior to other modes of transportation. To food, clothing and shelter, as our three basic needs, must now be added a fourth, transportation.

There was a day when the word "public" would have preceded transportation as we used it in the last sentence. Today however, the correct word to use is "private." The private automobile from the time it is manufactured until it lands on the junk heap, is a number one economic factor, important to labor and service consumption, and a major profit producer for many areas of business, large and small. You cannot view the ever-increasing number of private autos on our streets and highways as being bad. Indeed, without the automobile industry and all the allied businesses this major industry supports, our total economy would collapse. The private car is here to stay and total numbers will continue to rise as far into the future as we are able to see. We cannot stress too strongly the importance of the private automobile, both as a means of transportation and a formidable competitor for all types of scheduled transportation.

Whither Scheduled Transit?

Along with the change of our concept of private transportation, must come a realistic appraisal of scheduled transportation. We cannot look at one side with a modern perspective and judge the other side with an unaltered historical concept that had its origin fifty years ago. It isn't fair to say mass transit has failed to keep pace with the development of other areas of our economy. The plight of scheduled surface transit today

was virtually upon us twenty-five years ago. However, World War II bailed out scheduled surface transportation systems all over the nation. During the war our inability to produce automobiles, together with gasoline rationing, provided a respite and breathing spell for this segment of our economy. Since the end of the war, some strides have been made to keep patrons on buses and street cars. However, a large number of operators, particularly in our biggest cities, have had to cease operations and turn their properties and equipment over to government agencies. The reason is obvious: Business enterprises, when profitable operations cease to exist, cannot attract capital with which to operate and revitalize. The only alternative is bankruptcy or government take-over. Usually government take-over is a last-ditch procedure. The historical political concept is that the public must be served with a scheduled transit system and if private operators cannot do the job, then government must. There is much evidence to indicate such an assumption is a fallacy. Often, "necessity" is based on traditional concepts of what constitutes a scheduled transit system. But government, at various levels, is supplying ever-increasing freeway and expressway mileage. New Highways and roads are being built and old ones are being improved. Our road building program is one of our most expansive activities. Great strides have been made in the materials and designs used in highway construction. Airport runways and airline terminals are constantly being expanded, improved and technically researched. The convenient and rapid movement of all transportation vehicles receives more attention from government than any other single activity.

But, while government outlook is progressive in these areas of public transportation, it is far too traditional in its concept of what constitutes modern scheduled transit. This assumption is documented by the fact that in most cases of government take-over of transit systems, no lasting improvement has occurred. In fact, greater operating deficits seem to be the rule. The addition of new equipment and more frequent schedules have served, in most cases, to attract a few new riders. But, in the process, it has created greater operating deficits. (See Figure 4.)

Bulletin No. 4

February 11, 1965

MUNICIPAL RAILWAY - HARD DECISIONS AHEAD

Fundamental decisions concerning the Municipal Railway must soon be made. An increased deficit, aging equipment, deferred maintenance and the advent of rapid transit are some of the problems confronting the system. A coordinated transit study of the Municipal Railway, Alameda-Contra Costa Transit District and the Bay Area Rapid Transit District has been tentatively approved by the federal government. This survey will examine all aspects of the Muni's operation including finances, routes, maintenance, fare structure and types of equipment. Of the \$792,500 total cost (\$528,332 federal grant), \$318,840 is allocated for examining the Municipal Railway. The net cost to the city will be \$106,280.

The proposed 1965-66 budget for the railway is \$31,908,539, an increase of \$4,213,325. The current year's budget calls for tax support totaling \$6,930,852 while the 1965-66 estimates would require \$11,540,239. Tax support for the past ten years amounts to \$52,694,179. As the following table indicates, passenger levels and revenues have remained relatively constant since 1955-56; wages and tax requirements are rising.

	<u>Revenues</u>	<u>Employees</u>	<u>Compensation</u>	<u>Taxes</u>
1955-56	\$20,470,119	3,114	\$16,146,170	\$3,098,178
1963-64	20,092,829	2,861	20,631,379	6,991,929
1964-65 (est.)	20,164,362	2,864	21,949,496	6,930,852
1965-66 (est.)	19,868,300	2,919	23,157,213	11,540,239

Throughout the United States patronage of transit systems serving cities over 500,000 has declined 17.6 per cent in the period from 1956 to 1963 according to the American Transit Association; comparable figures for San Francisco show a loss of 1.3 per cent to 141,561,224 revenue passengers. The Municipal Railway operates 61 regularly scheduled lines; 829 vehicles are used at peak periods.

The capital improvement program for the five-year period 1965-66 through 1970-71 shows projects totaling \$33,879,100. This does not include an estimated \$4,000,000 to rehabilitate the cable car system or extensions of the system. The exact amount needed to renovate the Muni will be determined through the coordinated transit study; a bond issue would be required to finance this work.

Contributing to the rising cost of operations is the wage formula for platform employees contained in section 151.3 of the charter. Wages are set at the average of the two highest transit systems in the United States having a minimum of 400 employees and serving a population of over 500,000. The possibility of raising fares to offset increased costs must be considered. A twenty-cent basic fare and a ten-cent rate both for students and shopper's shuttle would produce approximately \$4.5 million but lose an estimated 14 million revenue passengers. Rapid transit will have a local fare of 25 cents and operate in two of Muni's heaviest patronage areas - Market and Mission Streets.

It is evident that solutions to the chronic problems of the Municipal Railway require difficult managerial and political decisions. The alternatives range from an escalating tax subsidy, higher fares or service revisions to merger into BARTD.

The Role of Government

Though there may be benefits, the immediate result of government take-over incurs a financial loss. The franchise and property taxes which the private operator paid in order to be in business stop coming in.

Thus it would be well to again examine the question, "What are the responsibilities of Government to furnish mass scheduled transit?" There is no legal responsibility.

The claim is made that several classes of citizens due to various circumstances are unable to provide their own method of transportation and this is true. However, our studies show that a relatively small portion of our metropolitan population actually use public transit on a daily basis. Estimates of such usage range from 3% to 7% of the area population. The figure of 35% has been supplied to us by the Transit System as the percentage of population that ride the buses at some time during the year. This would seem to indicate that a good number of the people who use transit some time during the year consider it as a "standby service." For instance, they might use it only when the family car breaks down, or under special family circumstances.

These facts have posed difficult problems for the transit system, and this is the heart of our problem. It is an established fact that a widely dispersed network of bus routes cannot be maintained for the convenience of our total population if ridership may be expected only when emergencies in private transportation occur. The cost per seat-mile is very real, whether the seat is occupied or not. The San Diego Transit System has clearly established the fact that they cannot maintain a convenience system for the occasional bus rider. We then pose the question, "Should Local Government

assume such a costly responsibility?" If the answer were in the affirmative, Local Government in fact, would be providing a true convenience subsidy for Mr. and Mrs. Citizen if and when they might choose to ride.

Some New Concepts

If we accept the 35% figure of "some time" or occasional riders, we must assume that in a money-losing public operation, 65% of our taxpayers would be helping foot the bill for something they never use. One prominent eastern transit operator has suggested, and we quote him only to illustrate our point,

"Other utilities such as your telephone, power, gas and probably water companies, have 'stand-by' charges levied against the customer, whether or not he uses the product. Minimum charges are made even though one may not use the facility throughout a billing period. The general public wants public transportation, but too many merely as a 'stand-by' service when their automobiles are in other use or temporarily out of service. But the transit company is paid only when someone uses its service. Shouldn't it receive a 'stand-by' payment as do other utilities?"

As a further illustration of some professional thinking on this subject, a middle western transit management proposed some time ago that an annual billing be made to all taxpayers in some form or another for an amount equal to a predetermined number of rides on the local transit system. Fare tickets for the total amount would be enclosed, to be used or not at the convenience of the taxpayer. While we are not necessarily making these suggestions to the City Council, our purpose is to illustrate the need for a new perspective in viewing transit problems and the need for a new concept in trying to solve these problems.

Public Ownership: Pros and Cons

The granting of a franchise to operate a transit system on our city streets was, for many years, considered a profitable matter for both the

Transit System and the municipality. The record bears out this profitability over the years, up to a point in time. Now, the pattern appears to have changed and profits have turned into losses. An important part of this study has been to determine if this process from profitability to loss can be assessed to any correctible set of circumstances. To this end the committee has devoted itself.

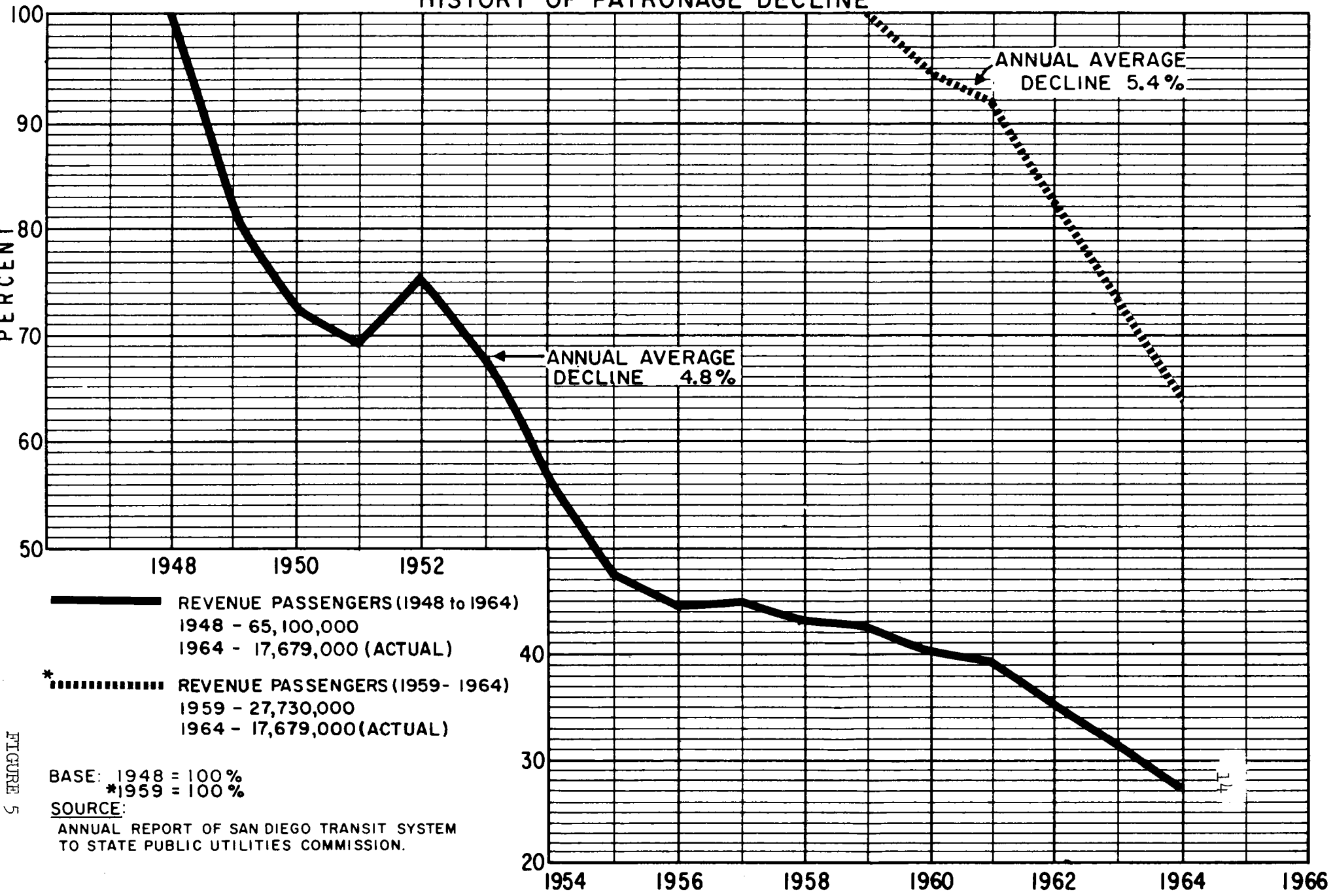
Some of our citizens, and several organizations, have been quick to encourage the passing of the transit problem to municipal government in one form or another. They feel that private enterprise can no longer provide an adequate and necessary public service. Their strongest argument seems to be, "Everybody's doing it."

Interests identified with the downtown area have expressed their determination to have public ownership forthwith. Quite naturally they feel their welfare is closely associated with the orderly flow of transit riders from all parts of our community and they are interested in an expanded system rather than a contracted one.

The local Bus Drivers Union also feels it has an important stake in the future of transit in our community. They strongly advocate immediate public ownership. Their self-interest is obvious.

It is also well to have in mind some senior citizens and others who for any one of many reasons rely on scheduled transit. Yet, the chart in Figure 5 indicates a history of steady patronage decline. The current "captive" audience, plus occasional riders, are thus estimated at about 54,000 revenue passengers on an average day. Many of these, of course, are the same person paying a fare two or more times in one day. The actual number of persons therefore is probably closer to 27,000 daily.

HISTORY OF PATRONAGE DECLINE



REVENUE PASSENGERS (1948 to 1964)
 1948 - 65,100,000
 1964 - 17,679,000 (ACTUAL)

* **REVENUE PASSENGERS (1959-1964)**
 1959 - 27,730,000
 1964 - 17,679,000 (ACTUAL)

BASE: 1948 = 100 %
 *1959 = 100 %

SOURCE:
 ANNUAL REPORT OF SAN DIEGO TRANSIT SYSTEM
 TO STATE PUBLIC UTILITIES COMMISSION.

FIGURE 5

Public Take-over: How Broad? How Urgent?

To the extent that the Committee has heard from community spokesmen in outlying areas, they appear to be concerned with a rapid type service from one community to another such as from El Cajon to San Diego, Chula Vista to San Diego, etc. There was no serious complaint about in-community routes. These they feel are not adequate, but apparently the communities are not experiencing any great difficulties at this time.

The urgency for public take-over as expressed by the San Diego Downtown Association, the Bus Drivers Union, and the San Diego Transit System itself, is that if a public agency does not immediately take over, buy more buses, expand the routes, and reduce fares, the present minimum servicing by the San Diego Transit System will result in continued lost ridership and it will take the public agency just that much longer to build the ridership back. An interesting observation should be made here. Are they telling us the private automobile is available and will be used if we do not hurry and beef up a public transit system? Our studies show that the private car is there to do the job in a large majority of cases. So are car pools and simple neighborhood arrangements to aid friends in the process of getting from one place to another.

Possible Methods of Public Ownership and Operation

As an Appendix to this report, there is included the various avenues open to the community for public acquisition and operation of the Transit System.

How Much?

The Committee has not concerned itself with the question of the actual cost of purchasing the system from the private San Diego Transit System. Logically this would be a matter of appraisal and negotiation, and the Committee does not consider itself qualified to even deal in tentative estimates.

However, many facts and figures concerning the cost of operating the system are available. Of particular significance to the Committee were statements by Mr. James Haugh, Vice President and General Manager of the San Diego Transit System when he appeared before the Committee, that the San Diego Transit System from its operations, which included daily bus transportation, charter service, and transit advertising, incurred an \$87,000 loss in 1964. Mr. Haugh pointed out that this loss would have been much greater, except that many of the System's buses, no longer needed for daily transit operation, were sold at a price much higher than their depreciated book value. Had this equipment been sold at "run down" prices, the company's financial picture would have been much worse.

Even more startling to the Committee was Mr. Haugh's statement that because of the reduced fares charged to school children, the company's annual loss for special school service operation amounted to an estimated \$230,000. Traditionally, school fares in the nation's cities have been set at one-half to one-third of regular fares. However, it now seems time to closely examine what may be an outmoded concept. In some places, school fares and special school service have been eliminated and school children are being required to pay their fair cost of riding. After all, the cost

of a seat-mile on a bus is exactly the same whether that seat is occupied by an adult, a child, or whether it is empty. When the additional factor of bus vandalism by school children is compounded on the huge operational deficit, it seems obvious that transit is entitled to some assistance in this area of operations.

In many areas, the cost of transporting children to and from school has been assumed as a direct responsibility of the local School District. Certainly, such a possibility is worthy of exploration here. After all, children do not learn until they are physically in the school room. The cost of physically placing them in that school room may be just as valid a charge to education as text books, paper, pencils, and teachers salaries.

The Committee, anxious to determine just what might be likely to happen in the next few years with regard to transit operations and costs, has developed some estimates in this regard. One set of conditions assumes a continuing gradual decline in ridership, as predicted by Ernst and Ernst in Table 17 of their report. The other assumes a continuing decline in ridership on a straight-line projection from patronage figures of the last few years.

It should be noted that the dollar figures represent operational revenues and costs only. Although depreciation of equipment is included, debt service and amortization are not included. These can be assumed to be substantial, and would further increase loss figures. (See Figures 6 and 7.)

COST IMPACT OF TRANSIT OPERATIONS

ALTERNATE "A" CONTINUING PATRONAGE DECLINE AS ESTIMATED BY ERNST & ERNST (TABLE 17)

ITEM	1964	1965	1966	1967	1968	1969
Metropolitan Area Population (in millions)	0.94	0.99	1.02	1.05	1.08	1.10
Number of Daily Users (Persons)	30,800	31,500	28,000	26,400	24,900	23,500
Percentage of Metropolitan Area Population Represented by Daily Users	3.28%	3.18%	2.75%	2.51%	2.30%	2.13%
Funds Generated From Operations	\$306,000	\$335,000	(\$20,000)	(\$370,000)	(\$675,000)	(\$990,000)
Annual Depreciation Charge	<u>382,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>
Net Operating Loss	\$ 76,000	\$108,000	\$463,000	\$813,000	\$1,128,000	\$1,433,000
Annual Cost per Daily User to Offset Loss	\$2.47	\$3.43	\$16.55	\$30.80	\$45.30	\$61.00
Annual Transit Trips (in thousands)	17,650	17,800	16,000	15,100	14,250	13,450
Required Subsidy per Trip to Offset Loss	\$0.01	\$0.01	\$0.03	\$0.05	\$0.08	\$0.11
Required Increase in City Tax Rate (using 1964 base)	\$0.008	\$0.011	\$0.046	\$0.081	\$0.113	\$0.143

NOTE: Figures in this table are based on the following:

- 1 - Funds generated from operations were calculated on same basis as in Ernst & Ernst Report Table 17. Debt Service and amortization is not included.
- 2 - Depreciation is based on an average from 1949 to 1963, from Ernst & Ernst Table 11.
- 3 - A constant level of service is assumed.
- 4 - Number of daily users = Annual Transit Trips ÷ 286 days ÷ 2 trips per day per person.
- 5 - 1964 figures based on data from San Diego Transit System.

COST IMPACT OF TRANSIT OPERATIONS

ALTERNATE "B": CONTINUING PATRONAGE DECLINE PROJECTED FROM PRESENT TREND

ITEM	1964	1965	1966	1967	1968	1969
Metropolitan Area Population (in millions)	0.94	0.99	1.02	1.05	1.08	1.10
Number of Daily Users (Persons)	30,800	27,100	24,500	21,300	17,500	14,200
Percentage of Metropolitan Area Population Represented by Daily Users	3.28%	2.73%	2.40%	2.01%	1.62%	1.29%
Funds Generated From Operations	\$306,000	(\$102,000)	(\$616,000)	(\$1,249,000)	(\$1,975,000)	(\$2,580,000)
Annual Depreciation Charge	<u>382,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>	<u>443,000</u>
Net Operating Loss	\$ 76,000	\$545,000	\$1,059,000	\$1,692,000	\$2,418,000	\$3,023,000
Annual Cost per Daily User to Offset Loss	\$2.47	\$20.01	\$43.20	\$79.40	\$138.30	\$213.00
Annual Transit Trips (in thousands)	17,650	15,500	14,000	12,200	9,960	8,110
Required Subsidy per Trip to Offset Loss	\$0.01	\$0.04	\$0.08	\$0.14	\$0.25	\$0.37
Required increase in City Tax Rate (using 1964 base)	\$0.008	\$0.055	\$0.106	\$0.169	\$0.242	\$0.302

NOTE: Figures in this table are based on the following:

- 1 - Funds generated from operations were calculated on same basis as in Ernst & Ernst Report Table 17. Debt Service and amortization is not included.
- 2 - Depreciation is based on an average from 1949 to 1963, from Ernst & Ernst Table 11.
- 3 - A constant level of service is assumed.
- 4 - Number of daily users = Annual Transit Trips ÷ 286 days ÷ 2 trips per day per person.
- 5 - 1964 figures based on data from San Diego Transit System.

Alternatives to Public Acquisition

The Study Committee has not been charged with the responsibility of advising the City Council on which decision it should make. The Committee has tried to present a factual word picture of the problem as it sees it. It also feels the importance of expressing some alternatives to public take-over.

We must contend with a realistic appraisal of scheduled transportation and where it serves profitable in today's competitive field of public transportation. The word "service" must be thoroughly analyzed. We can start with the assumption that an efficient private system operates within the framework of what the City and the operator agrees is a service, with a reasonable profit to insure the system's ability to attract capital for the purpose of maintaining up-to-date, comfortable and efficient equipment. The area of profit reasonableness, based on other private operations throughout the nation is from 6 to 7%. The median seems to be $6\frac{1}{2}\%$.

Transit operators contend once a transit rider finds other means of transportation he ceases to rely on the services of the transit system. Transit revenue passenger miles have declined drastically since 1948. Whether transit patronage has leveled out or is due for further decline is conjecture as of now; however, the transit operator indicates that under public ownership, more routes should be added and better schedules installed if transit patronage is to stabilize. To keep present riders, to lure old ones back to the bus, and to attract new ones will be difficult indeed. There is evidence however that it can be done.

Washington, D.C.: A Success Story

To demonstrate an actual case in point the Washington, D.C. Transit System has been a successful operation for eight years. They took over from an unsuccessful private operator and they are going strong. This is how they function:

The system is privately owned by the D.C. Transit System, Inc. It appears to be providing good, efficient service with modern and well maintained equipment, courteous drivers, etc. The basic bus fare is 25¢ with tokens four for 85¢. Only buses are operated (no rail or trolley bus equipment).

The owner of the D.C. Transit System is Mr. O. Roy Chalk who took over from the old Capitol Transit Company in 1956. The old Company, owned by Mr. Lou Wolfson had poor public relations and poor labor relations. It had begun to lose money. The company had been on the verge of going into some form of public ownership at the time Mr. Chalk of New York stepped in. In the eight years that he has had the system, it has grown and progressed to the point where it is making a profit and is retaining its riders.

The company has considerable tax relief. It pays no franchise fee nor gross revenue tax. Its operations, as with those of other suburban lines in the area, are controlled by the Washington Metropolitan Area Transit Commission. In its franchise from the Commission it is guaranteed a profit and there is provision for a subsidy from a school fare fund should the operations of the transit system fall into the red.

The D.C. Transit System also operates into Maryland and Virginia. Several other transit companies serve the metropolitan area but provide only typical suburban services; that is, they cannot serve commuters within the city. They can discharge passengers within the city on inbound runs and pick up passengers on outbound runs.

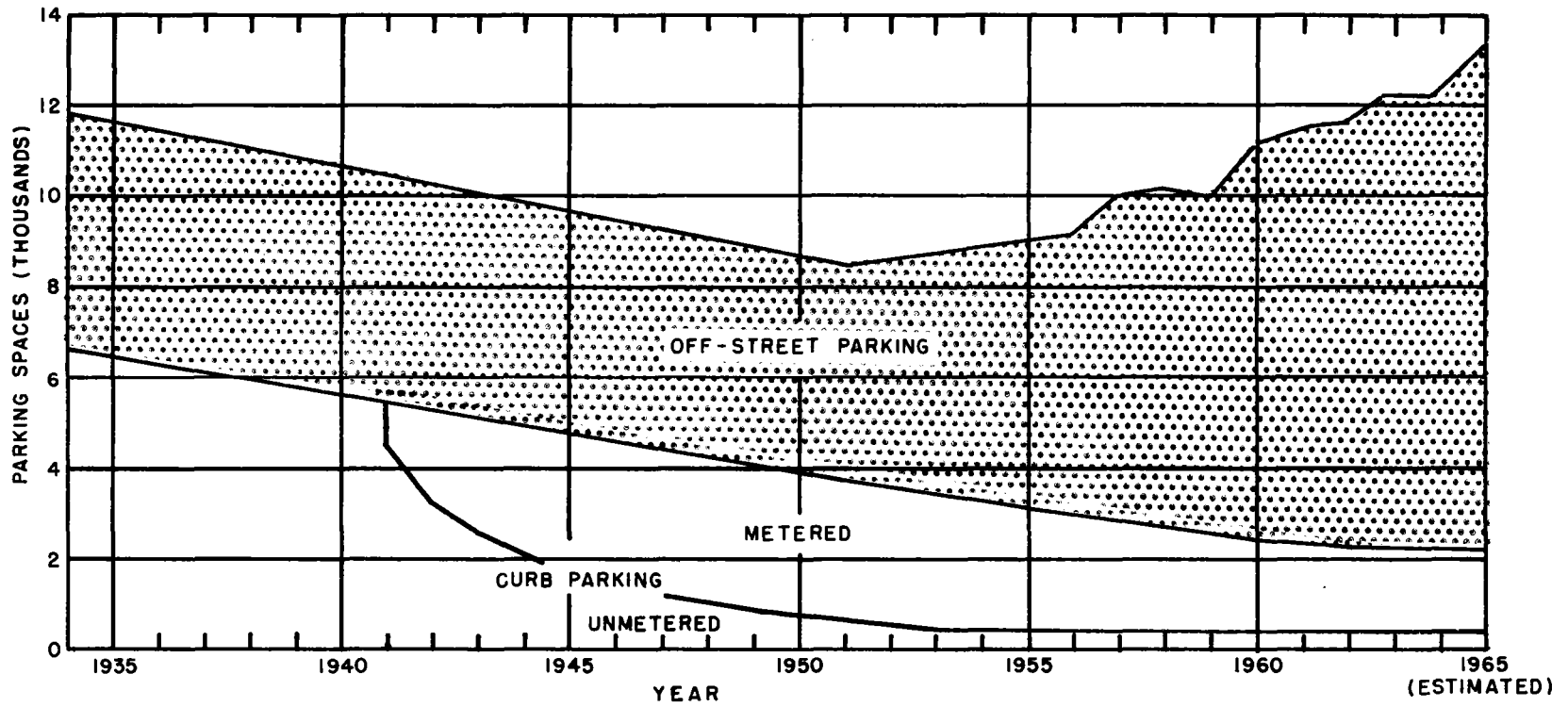
Certainly a highlight of the D.C. Transit System operation is their Washington Minibus program. The Minibus route consists of a downtown shuttle system operating on F Street between 7th and 14th. A loop is made at each end of the run. Ten "Minibuses" operate continually on a $2\frac{1}{2}$ minute schedule. Originally the operation started with 14 buses, but has been reduced to ten because of the elimination of an around-the-block loop at one end of the route. The reverse movement is now accomplished by a U-turn in the middle of the block between 14th and 15th.

In the first year of operation the Minibus system carried 1,852,000 passengers, more than twice what had been expected. In a full year's operation, the Minibus system paid 88% of its operating costs out of the fare box. However, this operating cost does not include depreciation of equipment. In the initial year, the Minibus program was a demonstration project on a grant from the Housing and Home Finance Agency. Included in the Federal two-thirds share of the cost was one year's depreciation of the buses.

Washington is very pleased with the Minibus operation, even though it is not meeting its debt obligations out of the fare box. The buses are small and very maneuverable. Each bus has room for 18 sitting passengers and another 12 standees. During the Christmas shopping rush, it is reported that the buses were operating at capacity almost the entire period.

Cooperation and Planning

Even though the trend in public transit is toward public ownership, there are still several outstanding examples of successful free enterprise operations. In all other lines of business, progress seems to be the determination of management. No problems are insurmountable we are told. With imagination and enterprise and cooperation between citizens and city government, our own downtown area including the Centre City project, is showing new vitality and progress. Not too many years ago downtown businessmen became panicky over inadequate downtown parking. The first and apparently the easiest solution was to put the city in the parking business. We can look back and say, "Thank Heavens it didn't come to pass." Downtown did solve the problem. (See Figure 8.)



DOWNTOWN PARKING TRENDS - 112 BLOCK CENTRAL CORE
 BOUNDED BY ASH ST., 12TH AVE., MARKET ST., AND STATE ST.

Source: Transportation & Traffic Engineering Division,
 City of San Diego

Cooperation and Planning (Continued)

It is well to mention the specific complaints of the San Diego Transit System in connection with suggestions they have made to our City Government over the last several years. They requested that buses operating on city streets be given a right-of-way over private automobiles, particularly during peak traffic periods. On certain main streets they asked that on-street parking be eliminated during peak traffic periods, and a fast bus lane be established to facilitate the rapid movement of buses. Other suggestions and requests were also made, all with little or no response from the City. Their pleas for relief from the franchise tax payment also fell on deaf ears.

The question of, and need for, a Mass Rapid Transit System in this area is one the experts feel will not be with us for at least the next eight to ten years. Population density in the San Diego metropolitan area is 2,500 to 3,000 persons per square mile. These figures will have to more than double before such a system can be justified. In the meantime however, a broad planning program should be instituted. If regular surface transit and the automobile are here to stay, then a cooperative and coordinated program of transportation planning and mutual help should be of the first order. It seems clear that no system, public or private, can "go it alone."

Possible Federal Assistance

Under the 1964 Urban Mass Transportation Act, the Housing and Home Finance Agency of the United States Government is authorized to make capital grants and loans for transit purposes. It should be made clear, however, that such grants are not available merely for the purpose of public

acquisition of a private transit system. While a two-thirds Federal grant for such public acquisition is possible, there are several requirements which must be met before Federal participation in such a program could be expected. First, the program would have to provide an improvement in transit service to the citizens of the community. Second, there must be a comprehensive transit system which will benefit the entire metropolitan area; and third, the program must form an integral part of a complete balanced transportation plan, formulated and participated in by the various governmental agencies comprising the metropolitan area. In other words, Federal help will require that transit be better, that it serve the entire community, and that it be part of a total transportation plan. From our own experience, and from that of other agencies, these Federal requirements cannot be bypassed. More disconcerting, perhaps, is the fact that a good deal of time can be lost in establishing our qualifications. Clearly, Federal participation does not lend itself to a plan of immediate action.

CONCLUSIONS AND RECOMMENDATIONS

First

While we believe a form of scheduled transit is necessary, the historical image of what constitutes such a system must be abandoned in favor of a more modern and enlightened concept of how the majority of citizens in our community get from one place to another. We believe the density of population in our area is not now sufficient and will not be sufficient within the next decade to warrant anyone's belief that scheduled transportation during that period, will recoup the ridership which it has lost to the private automobile and which it enjoyed a decade ago. On the contrary, the private automobile is likely to become even more competitive within this period. This trend is aided by local weather conditions in contrast to seasonal inclemencies in other parts of the country. If the local taxpayers were willing, through public ownership of the transit system, to subsidize the system heavily enough to reduce fares and improve schedules, some additional people might leave their automobiles in their garages. Experience records in other parts of the nation, however, hardly bear out this theory. We refer you again to Figure 4 on page 10 as a case in point.

Second

As to whether the present needs of the area served by the San Diego Transit System are being adequately met, here again we must counsel you to re-examine the position of scheduled transit in today's competitive transportation field. If you were to interview the relatively small number of our citizens who regularly use public transit you would undoubtedly find

dissatisfaction due to high fares, infrequent schedules on off-hours, and lack of service in some newly developed areas. To these citizens, our feelings are sympathetic. But here, too, the transit rider must re-examine for himself, the economic factors which go into providing a bus for his personal convenience, when and where he wants it. In today's economy, a transit system simply cannot be expected to compete on that basis.

Third

There is a need for a more modern and enlightened concept enlarging on the cooperative aspects of transit operation on the part of both the system and the City. It appears to the committee that the City, in the past, should have done more to help the Transit System. A more realistic appreciation of the role played by transit should go into a new cooperative concept. Possibly included in such thinking should be franchise tax relief, support of legislation eliminating State and Federal taxes, financial subsidy, assistance in obtaining Federal grants, financial participation in demonstration projects, the institution of special traffic controls (conceivably to the detriment of automobile traffic), and a conscientious attempt on the part of the City to help revitalize privately owned transit.

Fourth

Under present conditions as defined in this report, we do not believe the City of San Diego should assume the responsibility of scheduled public transportation in our community. We do feel that enlightened cooperation between the City and a privately managed transit system, given the technological and financial opportunity to be progressive and dynamic, could adequately fill the needs of scheduled transit. It may be well to add that

our determination in compiling this report has been to provide a word picture of modern transportation in its various phases. We are conscious of certain pressures which encourage city government to act with haste. We are not unmindful of the special interests involved in these important transit problems and have no desire to pass judgment. We do, however, counsel that you do not act with haste, but be guided by facts and resist the heavy emotions that go along with the problem we are attempting to solve.

Fifth

In answer to a specific request of the Council, if the decision of the City Council is to take over the operation of the Transit System using any one of a number of plans, as shown in the Appendix, the problems involved in providing service beyond the City limits could be solved.

Sixth

Figures which we have compiled and are shown on pages 18 and 19, Figures 6 and 7, clearly show estimates of a range of tax subsidy costs under public operations. It is admitted that these figures are based on visions of a bleak future for transit in the next few years. In our estimation, such a basis is only realistic. However, all hope is not lost. We point again to successful private operation elsewhere. We have taken the positive approach that, "Anything some other city can do, San Diego can do better." In one area of bus operations, that of providing Special School Service, the Committee cannot state too forcefully the need for drastic change. A continued loss of \$230,000 a year for providing this type of service is simply unthinkable. We would suggest immediate action by the City, working

in close cooperation with the Transit System and the State Public Utilities Commission on a program to accomplish one of three alternatives:

- a. Full adult fares for students; or
- b. School District contribution to make the service self-supporting; or
- c. Elimination of Special School Service.

Summation

The Committee realizes that some of the recommendations made here represent a radical departure from past practices. All should be alert however, that public ownership would be an even more radical departure, and one which we feel cannot be justified under present conditions. That our conclusions and recommendations may be unpopular with some and popular with others is clear. This was not a concern of the Committee. Our objective, we feel, has been reached. It was to study the matter rationally and neutrally and come up with the best possible suggestions for the good of the community.

APPENDIX
METHODS OF PROVIDING FOR PUBLIC OWNERSHIP AND OPERATION

Various means and organizational structures may be used for the purpose of acquiring, owning and operating transit systems by public agencies. The choice as to the method to be used depends upon various factors, including:

- (1) Existing authority of a political subdivision to acquire and operate such facilities.
- (2) The types of transit facilities to be provided, the amount of financing required and existing financing capabilities.
- (3) The area or areas to be served and extent to which the political subdivisions are willing to participate when more than one is included in the service area.
- (4) The extent to which it is deemed desirable to create a separate board or authority with responsibility for determination of routes, types of service, rates and related matters so as to relieve regular municipal administrative and elective officials from the necessity of day-to-day consideration of such problems.

Publicly owned transit services are now provided in the State of California through:

- (1) City-owned transit systems operated by a municipal transportation department. Among California cities with municipal transportation departments are Gardena, Montebello, San Bernardino, Santa Monica, Santa Rosa and Torrance. The San Francisco municipal system is owned and operated by the City and County of San Francisco. Many of such systems serve areas outside the boundaries of the owning

municipality, such service being provided in keeping with the provisions of Article XI, Section 19 of the State Constitution.

- (2) A city transit authority. The transit system in the City of Sacramento is operated by such an authority.
- (3) A transit district created by a vote of the people within defined boundaries under provisions of the State Public Utilities Code. A transit district owns and operates the transit system serving Oakland, Alameda, Berkeley, and other communities in that area. The Fresno system is operated as a district.
- (4) A transit authority created by an act of the State Legislature defining the boundaries of the authority, the basis of appointment of the authority members and means of financing. The Southern California Rapid Transit District which serves Los Angeles and surrounding areas is such an authority.
- (5) A nonprofit corporation created by a municipality, as the sole stockholder, for the purpose of acquiring and operating transit facilities, such that financing could be secured at reasonable interest rates based upon the income tax exempt status of interest on borrowed funds. The non-profit corporation has responsibility for operation of the transportation system, determination of the levels of service to be provided and rates to be charged.

This procedure has been used in the City of Long Beach. The nonprofit corporation provides service to areas outside the city on a contractual basis.

Some city funds were used to assist in acquisition of land and buildings for the transportation system and additional funds required for the purchase of the system were obtained through a loan secured by all buses and other personal property of the non-profit corporation. Through a charter amendment the city council is authorized to impose a special tax each year up to 5¢ per \$100 of assessed value of property within the city, with the proceeds to be deposited in a "Transportation Fund" to meet any obligations undertaken by the city to acquire or operate a transportation system or to assist a nonprofit corporation to provide such a system.

Advantages and Disadvantages of Different Methods

Establishment of municipal ownership of transit service through creation of a municipal transportation department permits most complete and direct control of transit operations by the local legislative body and city manager. Financing of the acquisition of transit facilities might be accomplished at reasonable interest rates through the issuance of general obligation bonds. However, the issuance of such bonds requires approval of two-thirds of those voting on the matter. Financial assistance necessary to meet any operating deficits or other financial requirements of the transit system from time to time may be provided through general funds of the City to the extent permitted within limitations on tax levies for general purposes. This form of ownership and control may result in much more time of the city administrative officer and councilmen being taken up with matters of routing, service standards and fares, than is desirable.

A city transit authority can be created by charter amendment approved by a majority of those voting on the question. Policy decisions concerning service, fares and other matters can be placed in the hands of a commission or board of directors appointed by the city council.

The creation of either a transit district or a transit authority with appropriate financing powers will involve State legislation. Such legislation could permit one or more cities with or without unincorporated area to form a transit district, subject to approval by a majority vote at an election within the proposed district. The board of directors of a transit district may be elected or appointed from within the district. The transit authority created by State legislation is a State agency or corporation of the State, instead of a local agency. Legislation creating such an authority could provide that all or a portion of the board of directors of the transit authority may be appointed by State officials with the result that there may be less local responsibility and control.

Either a transit district or a transit authority created under State legislation can encompass the entire area served by a transit system. Either would relieve the city from financing or administrative problems connected with the transit system. While voter approval may be required to provide the necessary financial support of the transit system, it is possible to provide in the basic legislation for approval of bonds by less than two-thirds majority required for general obligation bonds of the city. It is required that 60% of those voting must approve the issuance of bonds by the Alameda-Contra Costa County Transit District or by the San Francisco Bay Area Rapid Transit Authority.

The establishment of nonprofit corporations to acquire the local transit system and to operate it for the city can be carried out without the necessity of special State legislation. Since the boards of directors of these nonprofit corporations would be appointed by the City Council, they would be constituted of persons with local interest. The establishment of a nonprofit corporation, owned by the city, to acquire the transit system offers the possibility of financing the acquisition with tax exempt revenue bonds at reasonable interest rates, since payment of the principal and interest on such bonds could be assured by leasing the facilities to the city with rentals at least equal to debt obligations. Acquisition might then be accomplished without use of city funds planned for other purposes, and without the necessity of issuing general obligation bonds for the original acquisition.

The adoption of a charter amendment authorizing a special tax levy up to 5¢ per \$100 of assessed valuation of property in the city for establishment of a "Transit Fund" would enable the city council to authorize use of the fund to the extent deemed necessary to meet future operating expenses or requirements in connection with replacement or purchase of additional transit facilities. This procedure would avoid any conflict or problem because of the charter limitation upon the amount of taxes which may be levied for general purposes.

Operation of the transit system by such a nonprofit corporation, the board of directors of which was responsible for policy determinations with respect to the extent and standards of service, fares and related matters, would free elective and administrative officials of the general city government from day-to-day transit problems.