A PROPOSED ENABLING ACT FOR THE ESTABLISHMENT
OF A METROPOLITAN TRANSIT AUTHORITY
FOR THE SAN FRANCISCO BAY AREA

by
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A.B., Stanford University (1940)
LL.B., Yale University (1947)

SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS OF THE DEGREE OF
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(1949)

Signature of Author

Certified by
Head, Department of City and Regional Planning
May 15, 1949

Professor Frederick J. Adams
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Dear Professor Adams:

In partial fulfillment of the requirements for the degree of Master in City Planning, I submit this thesis entitled "A Proposed Enabling Act for the Establishment of a Metropolitan Transit Authority for the San Francisco Bay Area".

Respectfully,

[Signature]

Lawrence Livingston, Jr.
ACKNOWLEDGMENT

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Commonwealth Club of California
San Francisco Bay Area Council
San Francisco Department of City Planning
University of California Bureau of Public Administration
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PART I

THE CASE FOR A METROPOLITAN TRANSIT AUTHORITY

IN THE SAN FRANCISCO BAY AREA
CHAPTER 1

PROBLEM: MOVING PEOPLE WITHIN THE SAN FRANCISCO BAY METROPOLITAN AREA

The San Francisco Bay Area

The San Francisco Bay Area generally is defined as consisting of the nine counties surrounding San Francisco Bay and its northern arm which is called San Pablo Bay. Beginning at the south shore of the Golden Gate, the City and County of San Francisco and the counties of San Mateo, Santa Clara, Alameda, Contra Costa, Solano, Napa, Sonoma and Marin form a crescent which extends around to the northern shore of the Golden Gate. These counties cover 6,979 square miles, an area slightly larger than the states of Connecticut and Rhode Island combined. The extreme northwesterly and southeasterly points are 160 miles apart, and the area extends 50 miles or more inland from the coast. The Bay, of course, is the outstanding topographical feature of the region. Only a mile wide at its entrance at the Golden Gate, it extends 48 miles north and south and has a maximum width of 13 miles. Its depth of more than 200 feet, its area of 450 square miles and its 100 mile coast line make the Bay one of the world's finest harbors.

The rugged terrain of most of the region has resulted in the concentration of population on the narrow coastal plain and tidelands which surround the Bay. Only about one-fifth of the total area is appropriate for dense settlement. The city of San Francisco itself is built on a series of hills; commercial and industrial sites have been created by
filling in areas along the edge of the Bay. South of San Francisco all but a narrow rim of the peninsula is dominated by the mountains of the Coast Range. Further south lies the flat, fertile Santa Clara Valley. The steep Contra Costa hills east of San Francisco Bay separate the heavily populated strip of shore land from the valleys of the interior. To the north of the Bay lie the rough, mountainous country of Marin County and the wooded hill lands and narrow fruitful valleys of Sonoma and Napa Counties.

The land use pattern of San Francisco has been dictated mainly by its peculiar topography. Industrial plants and warehouses are concentrated along the bay shore, convenient to rail and wharf facilities. The flat land in the eastern part of the city is divided between light industrial uses to the south of the central axis of Market Street and the central business district to the north. The remainder of the area is devoted principally to residences and public uses. Because so large a proportion of San Francisco's 41.7 square miles is too rugged to build on, the remainder of the land is very compactly developed. The population density is more than 14,000 per square mile, greater than that of any other city west of the Mississippi.

The Bay Region has been subjected to the same influences that have caused decentralization of residential, commercial and industrial uses in other metropolitan areas. The regional land use pattern is well summarized in the San Francisco City Planning Commission's Transportation Plan for San Francisco:

"Most of the industrial growth of San Francisco has been along the west side of the Bay south of San Francisco, and the east side of the San Francisco and San Pablo Bays, in the area from Hayward to Crockett, and
along the south side of Suisun Bay and the Sacramento River in the vicinity of Martinez, Pittsburg and Antioch. The Bay Area also contains several large and important military supply depots and other military establishments. Camp Stoneman at Pittsburg, Mare Island Navy Yard at Vallejo, Hamilton Field north of San Rafael, the big Army and Naval Supply Depots in Oakland, the Naval Air Station in Alameda, the Naval Base on Treasure Island, Hunter's Point Naval Shipyard in San Francisco, the Presidio in San Francisco, and Sunnyvale Air Training Station near San Jose, are of major importance.

"The principal transcontinental rail terminals are located on the east shore of San Francisco Bay in Oakland and Richmond. These include extensive yards, wharves, warehouses and shops. Major airline facilities are at San Francisco's Municipal Airport, 5 miles south of the city on the bay shore, and at Oakland Municipal Airport on the east bay front near San Leandro.

"The general pattern of urban development in the Bay Area, other than San Francisco itself, is characterized by:

"A continuous belt of cities and towns 25 miles long and 3 miles wide, lying between the east bay shore and the first range of hills and extending from Hayward to San Pablo, with the large city of Oakland in the center;

"Residential suburban settlements lying in the hills and valleys east of Berkeley, to and including Walnut Creek;

"Several detached industrial and residential cities and towns along both sides of Carquinez Strait and Suisun Bay, including Vallejo, Benecia, Crocket, Martinez, Pittsburg, Antioch and Concord;

"A large group of small residential suburbs along the bay shore of Marin County, such as Sausalito, Mill Valley, San Rafael and San Anselmo;
"A narrow band of larger residential communities extending 35 miles
down the bay shore of the San Mateo peninsula from San Francisco to Sunny-
vale;

"The residential and industrial city of San Jose and environs, 45
miles south of San Francisco, at the lower end of the Bay". ¹

As indicated in Table 1, it is estimated that the population of the
Bay Region has increased 50 per cent since 1940, the last census year. As
is typical of metropolitan areas, the smallest growth was experienced in
the central city and the largest in outlying districts. The population of
San Francisco increased 25 per cent according to the estimates, while the
population of Solano County more than doubled and the population of Contra
Costa County almost tripled.

It will be noted that the estimates for 1950 generally are slightly
lower than those for 1948. This discrepancy is explained by the fact that
some of the 1950 predictions were made in 1947 when it was anticipated
that the war-time trend of in-migration would reverse itself to some extent.
This did not prove to be the case; the relatively few war workers who left
the area were replaced by new migrants. The abnormal rate of growth of
the last few years is not expected to continue, but it is estimated that
there will be a gain of 25 per cent between 1950 and 1960 and a gain of
13 per cent between 1960 and 1970. This would bring the total population
in the nine counties to 3,260,000. The saturation population of the area
has been estimated at 10,000,000. ²

to the City Planning Commission on a Transportation Plan for San Francisco.
San Francisco, 1945.

2. East Bay Municipal Utility District, "Summary of Past and Projected
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(1) California Taxpayers' Association
(2) East Bay Regional Park District
(3) San Francisco Bay Area Council
(4) San Francisco County Planning Commission (1946)
(5) San Francisco Department of City Planning (1948)
(6) Spurr, William A., "Forecast of California's Population and Production"
(7) State Armament Commission
(8) State Board of Equalization
(9) Office of Planning and Research
(10) State Estimates
San Francisco is expected to gain only 6 per cent in the next decade and to decline in population between 1960 and 1970. On the other hand, it is anticipated that Alameda County, where the contiguous cities of Oakland and Berkeley are located, will grow at the rate of 27 per cent between 1950 and 1960 and will outstrip San Francisco by the end of the decade. In the outlying districts far greater rates of population increase are foreseen. Contra Costa County and Solano County grew phenomenally during the War, primarily because of the location of new production centers there. However, it is predicted that these counties will more than double their populations again by 1970. At the same time it is expected that San Mateo County will grow by 84 per cent, Napa County by 76 per cent, Marin County by 73 per cent, Sonoma County by 67 per cent and Santa Clara by 49 per cent. Thus it is clear that the direction of growth will be away from the central cities, and the relatively undeveloped counties will experience the proportionately greatest gains in population.

In considering the size of population as an index of the transit needs of a metropolitan area, more significant than the absolute size of the population is the so-called "swing" of the population which expresses statistically the daily interchange of population between the central city and the suburbs and between residential neighborhoods and the central business district within the city.\(^3\) Rather than a static description, Table 2 presents a sort of moving picture of the population of the urban region. The figures indicate that almost 600,000 people enter and leave San Francisco's central district on a typical business day. Over one-third

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TABLE 2

SWING OF POPULATION, SAN FRANCISCO BAY AREA

ONE-WAY TRIPS INTO SAN FRANCISCO CENTRAL BUSINESS DISTRICT

TYPICAL WEEKDAY, 1947, 7 A.M. - 7 P.M.

<table>
<thead>
<tr>
<th>Point of Origin of Trip</th>
<th>Journeys to Work</th>
<th>Other Trips (Shopping, etc.)</th>
<th>Total - 12 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189,324</td>
<td>353,501</td>
<td>1,177,785</td>
</tr>
<tr>
<td><strong>Mass Transit</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>San Francisco Local</td>
<td>149,183</td>
<td>337,035</td>
<td>486,218</td>
</tr>
<tr>
<td>Suburban</td>
<td>40,141</td>
<td>16,466</td>
<td>56,607</td>
</tr>
<tr>
<td>East Bay</td>
<td>23,568</td>
<td>14,112</td>
<td>37,680</td>
</tr>
<tr>
<td>Peninsula</td>
<td>11,934</td>
<td>1,637</td>
<td>13,571</td>
</tr>
<tr>
<td>Marin</td>
<td>4,639</td>
<td>717</td>
<td>5,356</td>
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<tr>
<td><strong>Automobile</strong></td>
<td>213,137</td>
<td>421,817</td>
<td>634,960</td>
</tr>
<tr>
<td>San Francisco Local</td>
<td>188,534</td>
<td>389,646</td>
<td>578,179</td>
</tr>
<tr>
<td>Suburban</td>
<td>24,603</td>
<td>32,171</td>
<td>56,774</td>
</tr>
<tr>
<td>East Bay</td>
<td>14,180</td>
<td>21,253</td>
<td>35,434</td>
</tr>
<tr>
<td>Peninsula</td>
<td>3,173</td>
<td>7,168</td>
<td>10,347</td>
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<tr>
<td>Marin</td>
<td>7,250</td>
<td>3,750</td>
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Source: California State Division of Highways.
of these remain in the district throughout the working day. Table 2 also reveals the size of the commuting population which flows from the suburbs into San Francisco in the morning and back to the suburbs at night. This group augments San Francisco's daytime population by over 30,000. In addition, almost 25,000 people travel to the city from the suburbs for shopping and other purposes on a typical week day.

The economic development of the San Francisco Bay region has resulted mainly from its natural advantages as a transportation center. In addition to having unrivaled harbor facilities, the area serves as a terminus for transcontinental and coastwise rail lines. Service, trade, manufacturing and transportation industries have grown up around the port. The region is the second largest manufacturing center in California, and it employs one-third of the industrial wage earners in the State. It handles 43 per cent of the State's wholesale trade. In the national shipping field, the Bay Area ranks second to New York in value of goods handled and fifth in tonnage.

The metropolitan area has a widely diversified economic structure. The major business activities are listed by the San Francisco Planning Department as follows:

"Distributing supplies and services to most of California and the eleven western states;

"Affording central administrative, financial, professional and shopping services for much of the west;

"Importing and exporting raw and finished products;

"Processing local and imported raw materials for shipment east and west;
"Supplying major facilities for higher education, the arts, sciences and entertainment;

"Serving large numbers of travelers and tourists."

Much of the prosperity of the region is due to its rich hinterland. The agricultural products of the great Sacramento Valley and the smaller but equally fruitful Sonoma, Napa, Livermore and Santa Clara valleys are channeled through the Bay cities for world-wide distribution.

In the urban centers, labor is strongly unionized, and the average per family income is among the highest in the United States. Price indices are likewise high, and the standard of living compares favorably with that of other parts of the country.

Within the San Francisco Bay Metropolitan Region there are no less than 699 different local units of government. These include 69 cities, 8 counties, 1 city and county, 222 special purpose districts, 383 school districts and 16 special assessment districts. Generally speaking, the cities provide comprehensive public services to their inhabitants. Most of the special purpose districts have been formed to provide specific services to unincorporated areas. In three cases, diverse political units have united to form regional or sub-regional districts - the Golden Gate Bridge and Highway District, the East Bay Municipal Utilities District and the East Bay Regional Park District.

Other than these three cooperative ventures, the record of intercommunity relationships does not present an encouraging picture. In almost all metropolitan areas the suburbs are aggressively fearful that their powers may be usurped by the central city, and the central city resents the fact that suburbanites do not pay a share of the tax load.


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which accrues in part from providing them with services. This pattern of mutual distrust is further complicated by two additional factors in the San Francisco Bay Region case. By dividing the area into sub-regions, the Bay seems to have created a special type of provincialism. The inhabitants of the East Bay, Marin County and the San Francisco-San Mateo Peninsula tend to regard these sections as self-sufficient geographic entities without common interests or problems.5

Furthermore, the Bay Area has a double rather than a single nucleus. As against San Francisco's 800,000 or more, Oakland was estimated to have a population of 400,900 in 1948. From an economic viewpoint the populations of the adjacent cities of Berkeley and Alameda, 100,000 and 90,000, respectively, might well be added to Oakland's total. As has been pointed out, forecasters predict that the East Bay ultimately will outrank San Francisco in population. A spirited rivalry between the two communities has developed. To their mutual disadvantage, the cities have refused to cooperate in the solution of problems of joint interest. Short-sighted politicians and selfish private interests on both sides of the Bay frequently have fostered this schism. Actually, San Francisco and Oakland have different natural advantages, and land use studies show that they could best play contrasting but complimentary roles in the development of the Bay Area. How long it will take before the two cities come to realize that cooperation is a better solution to their problems than competition is a question for the future.

Efforts to unify various segments of the region have been made

from time to time, but political unification has been achieved only through the annexation of unincorporated territory by municipalities. A movement to consolidate the communities of Alameda County into a federated city-county was defeated at the polls in 1922. Interest in an East Bay federation was revived in 1934, but action was blocked by an adverse court decision. The present area of San Mateo County originally was a part of San Francisco County. When the City and County of San Francisco was formed in 1857, San Mateo County was split off. Consolidation under a borough plan was proposed in 1923. Interest in the movement ran high from 1928 to 1932. A survey was made, the necessary enabling legislation was passed and San Francisco adopted a new charter which included provisions for consolidating with San Mateo County. However, opponents of the move managed to sidetrack it by putting through a charter government for San Mateo County. The issue has been revived periodically since 1932, but it has not progressed beyond the discussion stage.

The most successful steps toward unification have been the three large special districts previously mentioned, the East Bay Municipal District, the East Bay Regional Park District and the Golden Gate Bridge and Highway District. Collective action by two or more political units also has been taken under administrative agreement in the fields of public works, public health, recreation, libraries, law enforcement, and tax assessment and collection. To solve mutual problems, cities have engaged in such cooperative efforts as the San Francisco Bay Region Metropolitan Defense Council and the East Bay Joint Sewage Disposal Survey. Various local planning commissions have worked collaboratively in an attempt to organize a regional planning agency under existing enabling legislation.
but their efforts have not borne fruit to date.

**Transportation Facilities in the San Francisco Bay Area**

At present, there is no rapid transit service in the Bay Area, if rapid transit is interpreted to mean transportation in high speed, electrically-propelled cars travelling over grade-separated rights of way. Interurban services are operated by Key System Transit Lines, which runs between San Francisco and the East Bay, Southern Pacific Lines, which connects San Francisco and the Peninsula cities, and Pacific Greyhound Lines, which has routes throughout the area and duplicates to a limited extent the Key System service in the East Bay and the Southern Pacific service on the Peninsula. Local transit service is provided by a public agency in San Francisco, by the Key System in the East Bay cities, and by a number of small private companies in other communities.

In 1947 the volume of interurban transit patronage was 25,100,000 between San Francisco and the East Bay, 16,600,000 between San Francisco and the Peninsula, and 6,200,000 between San Francisco and Marin County.

In its interurban service Key System Transit Lines operates five rail lines and nine motor coach lines across the San Francisco-Oakland Bay Bridge. Of the total traffic, 73 per cent is carried on trains and 27 per cent on buses. Two of the rail lines make local stops in Oakland as well as providing interurban service. The 14 routes run between outlying points in Oakland, Piedmont, Berkeley, Richmond, Alameda, Albany and Hayward, and a modern rail terminal at First and Mission Streets, San Francisco. The terminal contains no facilities for handling motor coach passengers; they must wait for and board their buses outside in the street with only a canvas canopy to protect them from the elements.
in inclement weather.

Immediately prior to the opening of the Bay Bridge, three rail systems served the East Bay and connected with ferries which carried passengers to San Francisco. The Bridge was opened to automobile traffic in 1937, but because of complications in financing the rail facilities, the first trains did not run across the Bay until 1939. Although bus service was provided in the interim, a great many commuters switched to using private cars and lost the transit-riding habit. During the first two years of the operation of the Bridge Railway, the three companies extended their services to San Francisco, but traffic was so light that by 1941 two of them had abandoned their franchises. The Key System alone survived.

Rail transit facilities in the East Bay now consist of approximately 50 miles of double track connecting with the Bridge Railway. The tracks form a loop at the San Francisco terminal; between the Bridge and the terminal they are elevated over the street. The rolling stock consists of relatively modern, electrically powered steel coaches in articulated trains of up to four units. The bodies of the vehicles are not more than 10 years old, but the under-carriages were salvaged from vintage equipment. The trains travel at comparatively slow speeds. They are limited to 35 miles per hour on the Bridge because it was not designed to carry any greater impact load. In the East Bay cities, the tracks are laid partly on streets and partly on private rights of way. In central districts, where the streets are clogged with traffic, the trains usually run at less than 10 miles per hour with frequent stops. This congestion greatly increases over-all running time between San Francisco and
destinations in the East Bay. On the private rights of way there are so many grade crossings that conditions are little better than on the streets. Except at the San Francisco terminal, fares are collected as passengers board trains, a system which causes further delays at stops and stations.

Because of increasing costs, decreasing patronage, and correspondingly declining revenue, in recent years the Key System has pursued a policy of converting from rail to motor coach service and abandoning its trackage in Alameda County. On the five remaining rail lines headways gradually have been increased. The buses cannot give rapid service because they operate through street traffic over the entire length of their routes. The situation is further complicated by the fact that they must compete with a heavy volume of traffic on a three-lane right of way over the Bridge.

The rapidly developing residential area east of the Contra Costa hills is linked with San Francisco only by bus service provided by Pacific Greyhound Lines. The same company runs interurban motor coaches to Vallejo and Napa. Pacific Greyhound competes with the Key System only to the extent that its buses bound for Contra Costa, Solano and Napa Counties make stops in Oakland, Berkeley, and other Alameda County cities, primarily served by Key. The Greyhound coaches also add to the burden of traffic on the lower deck of the Bay Bridge. Their San Francisco terminal is located at Seventh and Market Streets, at the edge of the central shopping district.

Interurban service between San Francisco and San Jose, at the southern end of the Peninsula, is provided by steam trains of the Southern Pacific Lines. Only one stop is made in each town, there are few grade
crossings, and service is relatively fast. Trains operate on frequent headways during peak periods, but during off-peak periods and on weekends, service is not frequent enough to divert an appreciable amount of traffic from the overcrowded highways of the Peninsula.

The Southern Pacific's San Francisco terminal is located at Third and Townsend Streets, almost one mile from the central business and financial districts. The commuter must resort to local transit which makes its way over traffic clogged streets and adds anywhere from 25 to 100 per cent to his total travel time. Moving the terminal to a more central location has been proposed, but the large amount of space required for trackage makes this a practical impossibility. It also has been recommended that Southern Pacific improve the comfort and speed of its service by electrifying its interurban lines. Representatives of the company frequently have stated that the investment involved in making such an improvement is not justified by current or contemplated passenger volume.

Pacific Greyhound Lines' motor coaches also serve the Peninsula. Schedules are subject to delays at peak periods when the highways become congested. Between the San Francisco city limits and the Greyhound Terminal at 7th and Market Streets heavy traffic results in slow service at almost all hours of the day. Although the terminal is located near the central business district, most commuters and shoppers depend on local transit to carry them to their ultimate destinations.

Formerly the San Francisco Municipal Railway operated an interurban electric streetcar line to San Mateo. Service was slow because of the great number of stops and because of traffic congestion within the city. The rolling stock was antiquated, noisy and uncomfortable. Service was discontinued in 1948, but the right of way still is owned
by the Municipal Railway and a number of transit planners have proposed that it be used as part of a modern electrified rapid transit system.\(^6\)

Before the completion of the Golden Gate Bridge in 1937, in Marin County the Northwestern Pacific Railroad operated interurban steam trains which connected with transbay passenger ferries. Today transit service north of San Francisco is provided exclusively by Pacific Greyhound Lines' motor coaches. Headways are long except at peak hours, and once they have crossed the Golden Gate Bridge, buses move slowly through the crowded streets of San Francisco. Some of the schedules from the north terminate at Sansome and Sacramento Streets and others at the 7th and Market Street terminal. The Sansome Street terminal is within easy distance of San Francisco's financial center, but Pacific Greyhound currently is considering abandoning it.

Aside from long travel times and infrequent headways, the greatest deficiency in Bay Area transit service is the fact that coordination between the various systems is completely lacking. Travel between the Peninsula, the northern counties and the East Bay by mass transit is so time-consuming and complicated that relatively few people attempt it. All of San Francisco's terminals are a considerable distance apart, and direct local service connects only two of them. Travel between the others involves at least one transfer and considerable delay due to local traffic conditions. Time expenditures are markedly increased by the fact that schedules of the various interurban systems are in no way coordinated.

Almost all local transit in San Francisco is operated by the Municipal Railway, a publicly owned utility. The City purchased the lines

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and equipment of the competing Market Street Railway Company in 1944. A single small cable car line is the only remaining private transit operation in the city. The Municipal Railway's equipment consists of street cars, motor coaches and buses. Most of the street cars are obsolete, but they are in the process of being replaced by various types of new surface equipment. Because of intensive traffic congestion it is impossible for transit vehicles to operate over the streets in the central areas at anything approaching reasonable speeds. Every study of San Francisco's transit problem made in recent years has recommended the construction of one or more subways to expedite service.7

All local public transit in the East Bay is owned and operated by Key System Transit Lines. The elongated, narrow shape of the area, 30 miles by 4 miles, makes it difficult and expensive to serve adequately. Steep, winding streets of the residential hill sections further complicate the problem. Key System's lines range from 12 to 25 miles in length, and on the average it carries only 3 passengers per mile of operation. Of its 49 routes, 19 are run at a loss. Recently unfavorable load factors, past failures to set aside replacement reserves, and the high cost of new rolling stock have caused the Key System to discontinue running street cars and to substitute motor buses. Decreasing patronage and correspondingly declining revenues have resulted in the curtailment of service on many lines. Naturally, this trend has led to further drops in passenger volume. As in the case of the interurban trains and buses, traffic

De Leuw Cather and Company, Ladislas Segoe and Associates. op. cit.
conditions in the central districts of Oakland, Berkeley, Richmond, and Alameda result in slow schedules. Operation of transit facilities on grade-separated rights of way has been recommended to remedy this situation. 8

On the Peninsula local bus service is provided in the San Mateo-Burlingame-Hillsborough area by the San Mateo-Burlingame Transit Company. Privately owned local bus lines serve Palo Alto and the San Jose-Santa Clara area. In San Mateo and Santa Clara counties the cities and towns are linked by Pacific Greyhound motor coach routes. Peerless Stage Lines runs south from San Jose to Santa Cruz and north from San Jose to Oakland. In addition the Palo Alto Bus Line operates between Palo Alto and San Jose via a county road.

In Marin County intercommunity service is provided by Pacific Greyhound Lines, but none of the cities is large enough to support a local transit system. The Key System operates local service in the city of Richmond in Contra Costa County, and there is a municipally owned local line in Vallejo in Solano County. In the balance of these two counties and in Napa and Sonoma Counties, Greyhound's intercity lines provide the only public transit service available.

The advent of the automobile created a pressing demand for facilities to handle private vehicular traffic. In the San Francisco Bay Area this was satisfied primarily by a comprehensive street and highway program financed by local, state and federal agencies. The problem of transportation across the Bay led to the construction of four major bridges—

8. Ibid.
the Dumbarton Bridge across the southernmost arm of the Bay, the San Mateo Toll Bridge between San Mateo and Mt. Eden in southern Alameda County, the San Francisco-Oakland Bay Bridge, and the Golden Gate Bridge between San Francisco and Marin County. Growth and decentralization of population and the inadequacy of existing transit facilities have created a need for still another crossing, the location of which is under consideration at the present time.

A system of freeways connecting the most populous centers within the region is now being constructed by the State Department of Public Works. No provision is being made for rights of way, turn-outs or stations for transit on these freeways, although the Department has express authority to build such facilities as are required for loading and unloading motor coach passengers. 9

In addition to providing for moving traffic, cities have had to concern themselves with the parking problem. The number of curb spaces available in central areas is inadequate to handle the present demand, and it has been necessary for public and private agencies to provide more and more off-street parking facilities.

**Traffic Trends in the Bay Area**

In the San Francisco Bay Region the constant growth of population and expansion of areas of settlement have resulted in an increasing total traffic flow. Forecasts indicate a continuation of this trend. It appears that private automobile traffic constitutes an increasing proportion and mass transit a decreasing proportion of the total volume. Statistics on the decline of the transit riding habit and the increased use of private

9. California Statutes, Extra Session 1947, Chap. 11, Sec. 1
automobiles on a particular interurban route were presented in preliminary studies made in connection with the second Bay crossing. Prior to the construction of the San Francisco-Oakland Bay Bridge, it was estimated that one-third of the persons crossing would travel by automobile and two-thirds by train. Actually the breakdown has been almost exactly the reverse of this prediction. In 1929 78 per cent of the transbay passengers used the train and ferry service, and only 22 per cent used the automobile ferries. In 1946 74 per cent travelled by automobile and 26 per cent patronized transit facilities. Past and anticipated increases in private vehicular traffic and decreases in transit patronage are contrasted in Table 3. The Bridge Railway was built to transport 50,000,000 passengers annually, but at present it operates at only a little more than half its capacity. The State Department of Public Works has expressed its reasons for anticipating further decreases in transbay transit passenger volume as follows:

1. The public has shown a decided preference for automotive transportation, even with congested traffic conditions. Construction of an additional crossing will promote the use of automobiles at the expense of trains.

2. Abandonment of trackage in the East Bay has denied access to sources of potential traffic. The high costs of investment and maintenance preclude the future construction of additional lines.

3. Unfavorable load factors have forced the Key System to substitute buses wherever possible because of their flexibility in handling off-peak hour traffic.

4. The trains move at a low rate of speed because they travel

Joint Army Navy Board. op. cit.
### TABLE 3
MASS TRANSIT AND PRIVATE AUTOMOBILE TRAFFIC
BETWEEN SAN FRANCISCO AND THE EAST BAY
1920 - 1980

<table>
<thead>
<tr>
<th>Year</th>
<th>Mass Transit</th>
<th>Private Automobile (Passengers)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trains and Ferries</td>
<td>37,500,000</td>
</tr>
<tr>
<td>1920</td>
<td>39,500,000</td>
<td>33,000,000</td>
</tr>
<tr>
<td>1925</td>
<td>26,000,000</td>
<td>22,500,000</td>
</tr>
<tr>
<td>1930</td>
<td>21,000,000</td>
<td>13,200,000</td>
</tr>
<tr>
<td>1935</td>
<td>20,000,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td>1937</td>
<td>35,000,000</td>
<td>26,400,000</td>
</tr>
<tr>
<td></td>
<td>Bridge Motor Coaches</td>
<td>34,000,000*</td>
</tr>
<tr>
<td>1939</td>
<td>22,500,000</td>
<td>40,500,000*</td>
</tr>
<tr>
<td>1940</td>
<td>21,000,000</td>
<td>45,500,000*</td>
</tr>
<tr>
<td>1945</td>
<td>20,000,000</td>
<td>51,000,000*</td>
</tr>
<tr>
<td></td>
<td>35,000,000*</td>
<td>53,000,000*</td>
</tr>
</tbody>
</table>

*Estimate of Joint Army Navy Board (based on average of 1.2 passengers per vehicle).

Sources: Joint Army Navy Board. Report on an Additional Crossing of San Francisco Bay. California State Department of Public Works. Preliminary Studies For an Additional Bridge Across San Francisco Bay.
through congested areas and make frequent stops for loading and unloading. This cannot be remedied except by making large investments in elevated or depressed tracks.

5. The possible economy of establishing feeder services to trains cannot be realized because of the commuters' antipathy to such service when through service is obtainable by other means.

6. Increased traffic may further reduce bridge tolls in the future, which would mean further diversion from train transportation.\textsuperscript{11}

The trend away from mass transit illustrated by the Bay crossing studies is typical of interurban routes into San Francisco. All major highways between the city and the suburbs are choked with automobile traffic at peak hours; 50 per cent of the interurban trips into San Francisco on a typical business day are made by private automobiles. Only 51 per cent of the East Bay commuters, 57 per cent of the Peninsula commuters and 33 per cent of the Marin commuters travel on public transit.\textsuperscript{12} Of the total number of trips into San Francisco's central business district, \(54\) per cent are made in private vehicles. The magnitude of the parking problem thus generated is illustrated by the fact that on the average, 27,000 cars seek to park in the 22,000 curb and off-street spaces available within the area.

The volume of automobile traffic in the Bay Region also is illustrated by trends in automobile registration in the nine counties. Total registrations grew from 500,000 in 1930 to over 600,000 in 1940 and jumped to 800,000 by 1947. It is expected that the increase will continue

\textsuperscript{11} California State Department of Public Works. \textit{op. cit.}

\textsuperscript{12} California State Division of Highways. \textit{Bay Area Metropolitan Traffic Survey, 1947.} (Publication pending.)
and that the 1,000,000 mark will be passed in 1960. Unless something is done to divert the public to the use of mass transit facilities, it appears that the traffic and parking problems in the central districts of the cities will have become practically insuperable by the end of another ten years.

The tremendous total cost of the present traffic situation includes much more than the sum of the public and private outlays for street and highway improvements and the acquisition and operation of off-street parking facilities. While it is impossible to evaluate the millions of man hours per year wasted because of traffic delays, this factor certainly should be taken into account. And to these items should be added the loss involved in declining property values resulting from traffic congestion in central business areas. Experience in many large cities has shown that when people find it expensive or impossible to park in downtown shopping districts, they will take their business to neighborhood shopping centers. This type of decentralization generally results in the gradual decline of real estate values in the central commercial area. Because of the sizable population increase during World War II and the economy-wide inflation which followed, this effect has not been felt to a great extent in the San Francisco Bay Region as yet. However, it appears probable that when immigration rates and price indices level off, this area will suffer the same losses in property values as other metropolitan centers.

A sound, economic solution to the problem of moving people within cities and from city to city must be found if the Bay Region is to continue to prosper. Adequate transportation is essential to the population growth.

and economic development of both central and outlying areas. At present San Francisco primarily serves as a management headquarters for industry and commerce, a purveyor of specialized goods and services and a cultural center for Northern California. The small amount of vacant land remaining practically insures that a growing proportion of the people who find employment, services and recreation in the city, must live outside of it. Thus the future of San Francisco depends to a considerable extent upon the persistence of the commuting pattern.

The growth of suburban areas is severely limited by the economics of transportation. It is impractical for families who cannot afford to own at least one automobile to settle in areas inadequately served by public transit. While automobile ownership extends much further down the economic scale in California than in other heavily populated states, this limitation ultimately will be felt. If the Bay Region fails to solve its transportation problem, there is a strong possibility that the entire area may retrogress. Commercial and industrial enterprises may move to other locations, and a dwindling rate of population growth or an absolute loss in population probably would result. The example of certain declining eastern metropolitan centers which have failed to deal effectively with comparable problems should serve as a warning to the San Francisco Bay Region.
CHAPTER 2

SOLUTION: A COMPREHENSIVE AREA-WIDE TRANSIT SYSTEM

As the term is used in the following pages, comprehensive rapid transit means a system consisting of the following elements:

1. Modern, comfortable, high speed electric trains operating on grade-separated rights of way located either in subways, open cuts on elevated structures, or in the center strip of freeways.

2. Feeder bus lines connecting directly with the rail lines.

3. Conveniently located terminals and transfer points constructed to provide adequately for the comfort and safety of passengers.

4. Coordinated schedules designed to avoid unnecessary delays en route.

Authorities on transportation agree that the most effective method of moving people within a metropolitan area is by a comprehensive, modern system of rapid transit.1 This view scarcely is debatable inasmuch as it is based on the actual traffic capacity of city streets. Assuming the average of 1.75 passengers per automobile, the capacity of a single street lane in passengers per hour is as follows:

- Passengers in automobiles on surface streets - 1,575;
- Passengers in automobiles on elevated highways - 2,625;
- Passengers in buses on surface streets - 9,000;
- Passengers in street cars on surface streets - 13,500;

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Joint Army-Navy Board. op. cit.
Passengers in street cars in subways - 20,000;
Passengers in local subway trains - 40,000;
Passengers in express subway trains - 60,000.

From these data it is clear that the greater the volume of passengers diverted to rapid transit, the more quickly traffic will flow through the city streets. The provision of efficient mass transit also will relieve the demand for parking spaces in congested central areas. Only in this way can the parking problem ever be solved effectively. If everyone was transported to his place of employment by private automobile, the area required for vehicular storage would at least equal the area used for the conduct of business - on the basis of an average of 150 square feet of floor area per worker, 240 square feet of parking space per car and 1.75 passengers per car. Every person diverted to public transit means an ultimate saving of 137 square feet which might otherwise have been devoted to parking. Where it is possible to eliminate curb parking, the freeing of the additional lanes will expedite the flow of traffic.

Diverting people away from the use of private automobiles in favor of public transit is not a simple matter. Speed, convenience, economy and dependability are requisites for drawing power. The experience of the San Francisco-Oakland Bridge Railroad demonstrates that economy alone is not sufficient. Although it was far less expensive to ride the trains in the early years of the service, this factor was outweighed by the convenience of using their own cars in the minds of most people. According to the report of the Joint Army-Navy Board, the necessary elements of an adequate rapid transit system are as follows:

1. It must be free from the delays incident to surface transportation. Trains must operate on their own rights of way uninterrupted by vehicular traffic.
2. It should not be limited to low speeds required by the design of structure on which rights of way are located.

3. It should have adequate terminal, transfer and distribution facilities. The terminals should be well designed for circulation and speed of discharge and entraining passengers. Proper connections to local transfer lines or feeder connections should be provided.

4. It should lend itself to coordination between local and inter-urban rapid transit.

Of course, a substantial proportion of the people traveling within the metropolitan area probably can never be enticed away from the use of their automobiles. However, a rapid transit system which fully meets the criteria prescribed above probably could attract sufficient patronage to solve the traffic and parking problems for many years to come.

Instead of recognizing the need for mass transit, some cities have resorted to the construction of freeways and express highways, the widening of existing streets and the provision of off-street parking areas. These are short-term palliatives rather than cures for the disease of congestion. As a means of moving large numbers of people to and from central districts, freeways and expressways are subject to definite limitations. They can handle only 1,500 vehicles or 2,625 passengers per lane per hour, while local subway trains are capable of transporting up to 40,000 persons per hour on a single track. Each additional lane added by street widening will carry only 900 vehicles or 1,575 passengers per hour. Further, in most cities street widening has only resulted in more curb parking— at a cost as high as $500 per parking space.

2. Joint Army-Navy Board. *op. cit.*
space. The provision of off-street parking facilities can expedite traffic flow only by clearing outside lanes and reducing the number of automobiles cruising in search of parking spaces.

The cost of these alternative solutions and the cost of rapid transit can be compared justly only by breaking down the total expenditures on a per-person-served basis. From this viewpoint, it is clear that despite the large outlays involved, rapid transit is by far the most economical solution to the problem of moving the population of a metropolitan area.

In addition to supplying comparatively economical, convenient transportation and clearing streets and highways of paralyzing traffic congestion, the provision of rapid transit can benefit the region in other respects. Property values will at least be stabilized and probably will increase in many instances. Centrally located commercial establishments will again become easily accessible to the potential customer. Properties in outlying residential areas served by rapid transit will be subject to increased demand.

The location of mass transit lines plays an extremely important role in the growth of a community. Population tends to cluster around major transportation routes to the core of the area. In the early days of electrified transit, street car lines often were laid out with the primary purpose of promoting real estate development in sparsely settled areas. This practice accounts for the irrational pattern of the transit routes in many American cities. After the automobile came into general use, transit tended to follow rather than to lead the way for settlement. Lines were not extended until the population density of a district practically guaranteed an economic return. Today planners recommend that
the layout of transit lines be used as an instrument of achieving the objectives of master plans. Extensions should be based on studies of future population growth and of the areas best suited for residential, commercial and industrial expansion.

Planned development is particularly important in the San Francisco Bay Region because of its geographical peculiarities. The many-armed Bay, the mountain ranges and the valleys limit the amounts of land available for specialized uses. A regional master plan of land use is urgently needed, but no public agency has sufficiently comprehensive authority to formulate one. Although the State Planning and Conservation Act of 1947 provides for the establishment of regional planning commissions, largely because of inter-community jealousies no action has been taken in this direction in the San Francisco Bay Area. A number of private organizations have attempted to promote regional planning. The Regional Plan Association had a number of studies made in the 1920's. The Commonwealth Club of California has recommended the establishment of a regional planning agency in several reports. Currently, The San Francisco Bay Area Council, an organization of local officials, planning technicians, Chamber of Commerce representatives, and commercial and industrial leaders of the nine counties, is active in promoting this cause. The importance of coordinating transit planning and other planning activities cannot be overstated. The location of highways, industrial sites, commercial and residential districts, recreation areas and other elements of the regional plan depends in large measure on the location of mass transit facilities.

The San Francisco Bay Area played a vital part in World War II. Not only was it the major port of embarkation for the Pacific, but also it was one of the most important shipbuilding centers in the United States and the headquarters for many other types of war industries. The inadequacy of the existing transit system unquestionably hampered the war effort. It was necessary to institute a special ferry service between San Francisco and the Richmond shipyards. Gasoline rationing so increased the passenger volume on local and interurban transit lines that they were unable to handle peak hour loads. This difficulty was mitigated to some extent by adopting a system of staggered shifts.

Where new plants were located in areas previously unserved by mass transit, bus routes were set up under orders of the Office of Defense Transportation, or the employees had to depend upon private car-pools.

Current world conditions indicate that if another national emergency should occur, the Bay Region would occupy an even more strategic position than it did in World War II. A comprehensive rapid transit system would be essential if the port were to discharge its security function effectively. The national military establishment is acting in accord with the assumption that if war should come we would have little time to mobilize our resources. If this is true, our national interests would be served by the immediate construction of an area-wide rapid transit system. Inasmuch as the federal government subsidizes state and local highway programs partly on this basis, it is possible that grants might be obtained to help finance the building of transit facilities. The possibility would be particularly strong if the government were to embark on an extensive public works program with the advent of a financial depression.
CHAPTER 3

INSTRUMENTALITY: A METROPOLITAN TRANSIT AUTHORITY

The Nature of the Transit Industry

Transit is an ailing industry. It has fallen the victim of technological change. No other existing type of enterprise with the possible exception of the theatre has had to face such effective competition. Until 1942 the automobile industry constantly produced a better and better product at a lower and lower price. Although mass transit was cheaper, it could not offer the comfort and convenience of private automobile travel. When substantial numbers of people stopped riding on public transit, it became necessary for the operators to increase fares in order to show profits. Rate increases led to further losses of patronage and thus the vicious cycle was set in motion. As revenues declined the transit companies sought to save themselves by curtailing service. Routes which did not earn a net return generally were abandoned, and headways were increased on all but the most heavily patronized lines. As a result more and more people lost the transit riding habit.

Street railways could not afford the outlays necessary to maintain their rolling stock properly and it gradually became obsolete. Since the operators had made no provision for depreciation, funds were not available for the purchase of new cars. Only when the old equipment was about to collapse did the operators finally convert to motor coaches. These are considerably less expensive than street cars and lend themselves more readily to flexible schedules, but the modern President's Conference Car is far more comfortable and will carry 50 per cent more passengers.
than the motor bus. Conversion to buses has not solved the financial problems of the transit companies. Instead of merely charging their passengers fares based on the costs of motor coach transportation, they are trying to support securities issued and outstanding against dead street railways by charging rates high enough to maintain total company capitalization. Here again the result is a loss in passenger volume.

The ratio of direct labor cost to total operating cost is extremely high in the transit industry. This is due in part to the large number of employees required per mile of route. The transit unions are extremely well organized and they occupy a strong position because a transit strike can paralyze an entire city. They have fought tenaciously against the introduction of any device which might cause technological unemployment. San Francisco even has a provision in its city charter prohibiting the one-man operation of street cars. Transit workers' wages are relatively high.

Perhaps the most important factor in the high cost of operating transit is the pattern of peak hour demand. The movement of workers to and from their places of employment in the morning and the evening results in an abnormally heavy demand for service during these two two-hour periods. During the rest of the day, when travel is light, only small amounts of equipment and personnel are required. Some of the transit companies in the Bay Area use only one-fourth of the equipment operated during peak periods during the rest of the day. As a result, carriers pay out large sums in salaries for which they receive no services in return. Although employees must be paid a full day's wage, many of them work only during the four peak hours.

In addition to being subject to unfavorable forces beyond their
control, private transit corporations have indulged in practices detrimental to the public interest. Many of them are over-capitalized. Others have over-elaborate organizational structures, top-heavy with unnecessary executives. A number of transit systems are controlled by holding companies far removed from the localities served. For example, the controlling interest in Key System Transit Lines is owned by National City Lines, a subsidiary of General Motors Corporation. In many cases the primary objective of transit operation has been to pyramid private profits rather than to serve the public.

Public vs. Private Ownership

Despite the various agencies authorized to regulate fares and franchises, transit systems have remained relatively unresponsive to the requirements of the public. In some instances regulation has served as a shield for management rather than an instrument for the advancement and protection of the transit riders' stake. In California, control of private operators is vested in the State Public Utilities Commission. Although it has effectively controlled other types of utilities, this agency has contributed little to the solution of the transit problem. One reason for this is the fact that the transit industry is in a pathological condition. Also, the Commission lacks the large technical staff necessary to make investigations and to devise workable schedules of rates and services. In almost every case that has come before the Public Utilities Commission, the operator has been granted all major concessions asked for, despite public protests.

Largely because of the conditions described above, there is a growing trend toward public ownership of transit in American cities. New York, Chicago, Detroit, Cleveland, Boston, Seattle and San Francisco now have publicly operated systems. In few cases have private companies offered strong resistance to this trend. Generally they have recognized the impossibility of realizing profits from the operation of transit lines in their present condition and have readily consented to being purchased by public agencies. This has been particularly true where dilapidated systems like San Francisco's Market Street Railway Company have been bailed out at the taxpayers' expense. Municipalities and public authorities have taken over transit operations largely through the default of private companies. The proposition that transit, like police and fire protection, education and sewage disposal, is an indispensable service which cannot be supported through private ownership is generally becoming accepted.

The initial cost of providing modern mass transit is excessively high. As has been pointed out above, grade-separated rights of way are essential to the attainment of satisfactory speeds and the elimination of unnecessary stops. At present price levels the cost of subway construction amounts to millions of dollars per mile. Rights of way for trackage on elevated or depressed freeways, in open cuts, or over private rights of way, also are expensive primarily because of the land acquisition costs involved. In addition, heavy capital investments for terminals, stations, approaches, turn-outs, and other facilities are necessary if a significant proportion of the riding public is to be diverted from private automobiles to mass transit. It is not surprising that private capital has not been attracted to invest in the rehabilitation of transit enterprises.
If our cities are to be provided with efficient transit systems, the cost will have to be underwritten at least in part, by the taxpayers. Subsidies are not difficult to justify. Transit is an essential public service and as has been pointed out before, is the only effective and relatively economical solution to the problem of moving people within the metropolitan areas. Since all segments of the population stand to benefit from the solution of this problem, the cost should not be borne exclusively by the transit rider. Furthermore, adequate service demands the operation of many unprofitable routes as well as heavily patronized ones. If service is provided in lightly populated areas with future residential, commercial or industrial development in view, transit can serve as an effective instrument for planned urban development.

Although subsidization probably is essential, naturally it should be kept to a minimum. Probably this objective can best be accomplished through public ownership. It has been proposed that the taxpayers underwrite the cost of rapid transit facilities to be leased to a private operator. And it has even been suggested that in addition, the public pay for the extra equipment and labor required to serve the peak hour traffic. Fundamentally such plans amount to the contribution of public funds to private profits. To every dollar contributed by the taxpayer, a certain percentage would have to be added to insure a return to the private corporation's shareholders. This surcharge is eliminated with public operation.


3. Lundberg, Alfred J. Regional Mass Transit as a Regional Planning Problem. Commonwealth Club of California, Section on City Planning, Meeting of June 20, 1940.
One of the greatest dangers implicit in public ownership is the possibility of political control. However, as in other fields of governmental activity, the degree of danger varies inversely with the extent of public vigilance. According to Charles DeLeuw, noted transportation engineer, the best operated transit system in the world is London's, the best on this continent is Toronto's, and the best in this country is Seattle's. All three are publicly owned but are free from political interference and from municipal controls and legal limitations. One of the principal advantages of the semi-autonomous authority is the fact that it is relatively immune to local political pressures but does not sacrifice safeguards necessary to protect the public interest.

The Area-Wide Special Purpose Authority

As an administrative instrument, the special purpose authority combines the most useful features of the private corporation and the public agency. Its freedom from procedural limitations assures wide latitude for experimentation in operating practices. Such flexibility is particularly valuable in a field like transit in which success depends upon the reform of current practices. More than any other form of public agency, the special purpose authority has been able to keep itself free from the onerous and unnecessary official restrictions commonly classified as "red tape". At the same time the authority enjoys the advantages of public status. It is vested with the power of eminent domain. It is able to borrow money at low interest rates because its bonds are backed by public credit and are tax-exempt. In recent years federal corporate income taxes have reached levels high enough to be reflected in the cost of goods and services. Since it is tax-exempt, the public authority can afford to charge lower rates than the private corporation.
While it is advantageous for an agency of this type to have broad prerogatives, the public interest demands that its powers be circumscribed in certain respects. The objectives of the semi-autonomous authority are specified in the enabling legislation, and it is empowered to act only in furtherance of these ends. Extrinsic controls are provided at appropriate points. These may include provisions for the popular election of the governing board or for its appointment by elective officials, and for the removal of board members; provisions setting up citizens' advisory committees; and provisions requiring financial reports and independent audits. As a final resort, the public has the right to challenge the actions of the authority in the courts.

Offsetting its advantages to some degree, the special purpose authority has certain defects. The danger of abuse is implicit in the grant of any large measure of autonomy. Unless the members of its governing board are popularly elected, the agency is subject only indirectly to democratic controls. It is not difficult to imagine appointive board members directly contravening the majority public will in certain situations.

A more imminent danger lies in the fact that the functions of semi-autonomous authorities seldom are coordinated with those of other public agencies. The lack of machinery for joint consultation in spheres of common interests may result in duplications of effort or even direct conflicts in public policy. In their enthusiasm for improving a particular service, members of an authority may advocate policies detrimental to the interests of the community as a whole.

Probably the greatest disadvantage of the use of the authority device is the fact that it adds to the already unreasonably high number of units of local government. In the San Francisco Bay area there
already are 699 such units. Generally exempt from municipal debt limitations, special purpose districts increase the burden on the taxpayer. There is danger of competition between agencies for the taxpayers' dollar. Uncordinated fiscal operations may adversely affect the credit rating of each agency, especially where an authority actually is not financially self-sustaining. Multiplication of the number of government units can result in a confusion of functions. The corporate independence of the ad hoc authority does not obviate the necessity for joint agreements between various services regarding the division of responsibilities and the formulation of policies in areas of mutual interest.

In some jurisdictions where special purpose district board members are elected, the ballot has become so long that it has practically lost its significance. The typical elector is faced with such a confusing welter of names and issues that he either neglects to go to the polls except in major elections or he automatically votes for the incumbent. With the increasing complexity of governmental organization, the democratic process tends to negate itself.

In any public agency there is a possibility that inept management may become entrenched through the exertion of political influence. Generally a special authority which is about to embark on an important public project is able to attract top-grade managerial talent, but when the period of major construction or rapid expansion is over, interest tends to wane. Agencies principally engaged in routine operations or maintenance functions find it difficult to retain enterprising, resourceful officials. Even in the transit field there is a tendency for the caliber of the personnel to drift toward the lowest common denominator. In many instances civil

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service practices have this harmful effect. However, men of genuine ability can be obtained by public agencies if they offer compensation comparable to that paid by private corporations. A wisely administrated civil service system is capable of attracting first rate personnel all the way down the line.

The solution of the Bay Region's transit problem requires the instituting of coordinated area-wide operations. It already has been pointed out that integrated service is the only type that will attract substantial numbers of travelers away from their automobiles and thus relieve highway congestion. The economies implicit in large scale operations will substantially reduce the per unit cost of providing rapid transit. Centralizing administrative offices, maintenance and repair shops and similar facilities will materially reduce overhead. Labor costs can be cut to some extent by shifting idle crews to the parts of the area where demand is greatest. To finance a project as ambitious as a modern transit system operating primarily on grade-separated rights of way, it is necessary to have the financial backing of a relatively large, prosperous area. Whereas the portion of the cost which must be borne by the taxpayers might constitute an onerous burden if it were concentrated in the central cities, distributed over the entire population of the Bay Region, the increase in taxation would be relatively painless. It is clear then that only an agency which can reach across political boundaries can adequately serve the San Francisco Bay Area. The metropolitan special authority is the only type of public agency which has this range of power.

The establishment of such a regional agency would constitute an important step toward unification of the metropolitan area. Although most authorities agree that a borough or a federated city plan is the ultimate
solution to the problem of metropolitan government, any such consolidation is politically impossible at present. The failure of past efforts indicates the futility of trying to achieve political unification by direct methods. But experience in the Bay Region and in other metropolitan districts indicates that local resistance to joint action can be overcome where there is a pressing need for an area-wide public service. The successful operation of a special authority in one field can lead to the establishment of similar agencies to provide other region-wide services. It is not illogical to anticipate that eventually most major public services will be rendered on this basis. The consolidation of the various special purpose districts into a comprehensive metropolitan agency would be a relatively easy step, and thus regional government operating on a functional basis could eventually be evolved.

Inasmuch as planning is prerequisite to the efficient provision of public services of all types, it would appear that the establishment of a regional planning agency would be the logical first step in the process of unification through the provision of region-wide services. However, in the San Francisco Bay Area at present there is little public awareness of the need for regional planning, and there is a pressing popular demand for immediate solution of the transit problem. It would seem advisable to take advantage of the favorable political climate to establish a transit authority which could serve as a model for other metropolitan area-wide public enterprises. In recommending that comprehensive services should be provided by special districts under the Municipal Utility District Act of 1921, one author has stated, "They (the directors) should start with

transportation and transit which are the most aggravated regional shortcomings.  

As has been pointed out, objections to the further pyramiding of local governmental units within a single area have a valid basis. However, since there is a strong possibility that the establishment of metropolitan special purpose authorities eventually will reduce rather than increase the number of local units, it appears that the addition can be justified in this case.

6. Ibid.
PART II

THE ENABLING LEGISLATION
CHAPTER 4
PATTERNS FOR THE ORGANIZATION OF A METROPOLITAN
TRANSIT AUTHORITY

In determining how a metropolitan transit authority should be organized, it is advisable to consider the experience of other public agencies in providing transit and comparable services. The organization of metropolitan authorities and districts engaged in supplying other types of services will be surveyed generally. The structure of five existing area-wide transit authorities will be analyzed in greater detail. Finally, proposed solutions for the San Francisco Bay Region problem will be discussed.

Authorities And Districts Outside of California

The prototype for regional public service agencies was the Metropolitan Police District of London which was established in 1829. The first organization of this type to which the term "authority" was applied was the Port of London Authority founded in 1908. Its title is said to have been derived from the fact that in the Act of Parliament establishing it each paragraph commenced with the words "Authority is granted". The Port of London Authority is a public corporation empowered to acquire and operate dock facilities, license the operation of river craft and maintain the port and regulate its use. Its governing body consists of twenty-eight members, seventeen of whom are representatives of the users of the port facilities. Of the other eleven members, ten are appointed by various governmental agencies to represent the public interest, and the
eleventh is elected by the independent wharf owners who operate in competition with the Authority.

The powers of the corporation are subject to many limitations inherited from private legislation governing the old companies it has acquired. The Minister of Transport has the right to intervene in various policy matters, but in practice the Authority has been allowed to exercise its discretion independently. Its revenues are derived exclusively from income from operations. It has the power to borrow for only certain specified purposes. The Authority has no power to tax, and its properties are not exempt from taxation. Shareholders in the corporation receive only a limited rate of interest and have no rights of ownership or control, except that they can apply for the appointment of a receiver if interest is not paid over a specified period. The organization of the Port of London Authority has been criticised on the ground that the governing board represents conflicting individual interests rather than the interests of the port area as a whole. ¹

The Port of New York Authority is a corporate instrumentality created by an interstate compact between New York and New Jersey to develop the port and to unify terminal facilities in order to reduce the cost of shipping in the area. Intended to function as a planning and advisory agency, the Authority possesses no regulatory powers. It is authorized to petition any administrative or legislative body, state

or federal, to require improvements in the system of handling freight or to change methods of transportation or rates charged in the interest of benefiting the commerce of the port, and it is authorized to intervene in any such proceeding. But the Authority has no proprietary powers except to acquire, construct and operate terminal and transportation facilities. It formulated a comprehensive plan to unify the port's terminal facilities, but the program failed because it was dependent entirely upon the cooperation of private railroad corporations. If the Port Authority had possessed power to implement its decisions the results might have been different. Comprehensive jurisdiction over all activities contributing to the development of the port might be a political impossibility because it would encroach on the spheres of so many state and federal agencies; but, according to one commentator, the agency at least should have been vested with the power to conduct investigations, subpoena witnesses, take testimony under oath, make determinations and issue orders.\(^2\) By subjecting such orders to approval or review by appropriate federal or state agencies, conflicts might easily have been avoided.

With regard to port development matters, the Authority's activities now are chiefly limited to making studies and recommendations and petitioning various public and private bodies to take action on them. It performs a valuable service by coordinating the

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work of local, state and federal agencies whose functions affect the port. The Authority operates a union freight terminal, but because of the failure of the railroads to cooperate this enterprise has not been a notable success. Its chief contribution has been the construction and operation of bridges and tunnels in the port area. By legislation of both states interstate vehicular crossings were placed under the jurisdiction of the Authority. It now operates the Harlem Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Outerbridge Crossing, the Goethals Bridge and the Bayonne Bridge. It recently has taken over La Guardia and Newark Airports and currently is constructing the Idlewild Airport, primarily designed for overseas traffic.

In the 1920's the Port Authority made a study of suburban transit in the New York area, but a decline in commuting rail traffic resulted in its recommendations being tabled in 1931. Five years later the New Jersey Legislature requested the Authority to make a survey of transit facilities for northern New Jersey. The Commissioners proposed that the Hudson and Manhattan Railroad be acquired and that a new suburban terminal be constructed near Radio City. No action was taken on this recommendation.

Although the acts of its governing board are subject to veto by the two governors, the Port Authority enjoys a large measure of administrative autonomy. Its corporate form gives it the freedom of a private business in managing its affairs. Policies
are determined by a board of six commissioners appointed by the governor of New York and six appointed by the governor of New Jersey, with the approval of the senates of the respective states. Although, or perhaps because no compensation is paid the commissioners, an unusually outstanding group has always been secured. The honorary character of the service and their separation from the administrative details have resulted in the commissioners' achieving independence from political influence. Because of its unwieldly size, the board functions through committees.

The Authority is empowered to incur bonded indebtedness and to set rates for the facilities it owns. Lacking power to levy taxes or to pledge the credit of either state, at first the agency experienced difficulty in borrowing at low interest rates. This obstacle was overcome by securing state appropriations to cover part of the cost of the crossings and other facilities constructed by the Authority. Tax exempt, it manages to remain self-liquidating by pooling the revenues from its various projects so that the profitable carry the unprofitable ones.

The Boston Metropolitan District Commission controls water supply, sewage disposal and the acquisition and maintenance of certain parks and recreation facilities. Although its activities pertain to the Boston metropolitan area, the Commission really is a special state department. It consists of a chairman and four members appointed by the governor for overlapping five year terms.
Except for a joint administrative department each division functions independently. Construction of the water system was financed through bond issues. The interest and amortization charges, as well as maintenance and operating costs of the service are assessed by the state against the member municipalities, one-third on the basis of tax valuations and two-thirds on the basis of water consumption. The sewage division is similarly organized. Interest and debt retirement are paid by the cities served on the basis of property valuations, and operating expenses are apportioned according to population. The metropolitan park division bases its annual assessments in part on tax valuations and in part on population, but the apportionments are made in such a manner as to take account of special local conditions.

The Metropolitan District of Hartford County, Connecticut, provides Hartford and seven other towns with water supply, sewage disposal and regional planning services. The government of the district is vested in a board of 22 members appointed by the governor on the basis of informal local recommendations. Officially, one member is appointed from each town and fifteen from the district at large for six-year staggered terms. In practice, eight of the members at large always are appointed from Hartford and one from each of the seven other communities. The board functions through committees which determine policy for the three departments. The board also is subdivided into three functional units (finance, contracts, and legislation and organization); advisory members sit with these groups for consultations on
policy development and public information. The Water Bureau is financially self-supporting. The Bureau of Public Works, which is in charge of sewage disposal, finances improvements through bond issues, special assessments, and to a minor extent by general taxation. Its operating costs and those of the planning department are assessed against the member cities on the basis of their expenditures for their own municipal activities.

The Buffalo Sewer Authority is a public benefit corporation created by special act of the New York Legislature to take over a city-owned system which was unable to finance necessary improvements. The Authority really is a municipal agency, but it serves five suburban communities in addition to Buffalo and is empowered to serve all municipalities within Erie County. The life of the agency will expire when all its bonds have been paid off, and its property and operations will revert to the city. The Authority is governed by a board of five members appointed by the mayor of Buffalo for three year overlapping terms. Operations are conducted on a financially self-sustaining basis. Interest on bonds, retirement, operating expenses and carrying charges are covered forty-five per cent by charges based on assessed real estate valuations and fifty-five per cent by sewer rents based on quantities of water consumed.

Organized under an act of the Illinois Legislature, the Sanitary District of Chicago was established by referendum vote
of the electorate within a district which includes Chicago and sixty other cities and villages covering approximately one-half of the area of Cook County. The district is empowered to acquire, construct, finance and operate facilities to handle the sanitation and drainage needs of this territory. It also produces and sells electricity. Control is vested in a nine member board of trustees, three of whom are elected every two years for a six-year term. Construction of works is financed through bond issues. Interest and retirement, operating expenses and fixed charges are assessed mainly as taxes based on property valuations, and revenues make up the balance.

Authorities and Districts Organized Under California Law

As has been the case in other jurisdictions, in California, metropolitan special purpose authority enabling legislation generally has been adopted to solve a particular problem in a particular locality. Although a number of municipalities and unincorporated areas have joined special districts after their formation, in no case has a second metropolitan area taken advantage of an existing enabling act.

The Metropolitan Water District Act provides that a district may be formed by two or more municipalities which need not be contiguous. An ordinance favoring incorporation of the district must be passed by the legislative body and approved by the voters of each city, but the district cannot be formed unless the communities in favor of the measure include two-thirds or more of the total assessed valuation of the district as

originally proposed. Under this act, the Los Angeles Metropolitan Water District was formed primarily to finance the construction of the long lines necessary to supply the metropolitan area from distant mountain sources. The district includes Los Angeles and twelve other cities and one municipal water district, a total area of 626 square miles with a total population of 2,500,000.

The enabling legislation provides that the district shall be governed by a board of directors consisting of at least one representative from each municipality appointed by its executive officer with the aid and approval of the legislative body. Each city is entitled to one vote for each ten million dollars of assessed valuation therein, provided no city has a greater number of votes than the total of all the others. A board of twenty directors, seven from Los Angeles and one from each of the other member municipalities, has been set up under this provision. Directors are uncompensated. The board's chairman and vice-chairman are elected by and from the membership. To facilitate the transaction of business the board is broken down into six permanent committees - engineering and operations, finances and insurance, legal and claims, power, and water problems and public relations. The management of the district is in the hands of a staff of officers appointed by the directors and responsible only to them. To finance its projects a water district is empowered to incur bonded indebtedness subject to the approval of a majority vote of the electorate within the district at large. The directors are authorized to levy taxes in order to make up deficits when revenues are insufficient to service the bonds and pay other obligations.
The Municipal Utility District Act provides that both incorporated and unincorporated territory, embracing more than one city or county if desired, may organize a municipal utility district.\(^4\) Formation is to be initiated either by resolution of the legislative bodies of one-half of the communities to be incorporated in the district or by a petition signed by a number of electors equal to at least ten per cent of the total vote cast at the last general state election within the proposed territory. The act requires that the county board of supervisors call an election to determine the will of the voters in each city and in each segment of unincorporated territory in a single county. The district is to be formed by those cities and unincorporated areas in which a majority of the electorate casts an affirmative vote, provided that the total number of electors in the district so formed is equal to at least two-thirds of the total number in the area as originally proposed.

The governing board of a municipal utility district consists of five directors elected at large but nominated from subdivisions of the district containing approximately equal numbers of electors. Directors serve for four-year overlapping terms and receive no compensation except a token fee of ten dollars per meeting. They appoint a staff, including a general manager, secretary, treasurer, attorney and other officers, which is directly responsible to them for the administration of district affairs. The enabling legislation vests the district with comprehensive powers. It may own, operate and control all works necessary to supply light, water, power, heat, transportation, telephone service, and sewage,

\(^4\) California General Laws, Act 6393
refuse, and garbage disposal. The directors can issue bonds with the approval of two-thirds of the electorate and can levy taxes to repay indebtedness.

The East Bay Municipal Utility District, formed under the act, now includes nine cities (Oakland, Berkeley, Alameda, San Leandro, Emeryville, El Cerrito, Richmond, Piedmont and Albany), six county water districts and ten unincorporated areas within Alameda and Contra Costa Counties. It also supplies water under contract to public and private corporations and cities outside the district. Following its formation in 1923, it constructed facilities to supply the member cities from the Mokelumne River in the Sierra Nevada Mountains, and it acquired the local distribution system of the East Bay Water Company. To date the District has exercised only the power to supply water under the original enabling act. A 1941 amendment provides for the creation of special sewerage districts within the bounds of the Municipal Utility District. These special districts are to be governed by the directors of the Utility District. Already one has been organized by the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont, and the voters have authorized a bond issue for the construction of a sewage disposal plant.

Under the Regional Park District Act of 1933, two or more cities with contiguous territory may form a park district. Authority is granted to plan, adopt, lay out and control a park system and to buy, sell or lease property for park purposes, but all such property must be located within the bounds of an existing municipal utility district. The provisions prescribing the procedure for formation and the organization of the governing body are practically the same as those of the

5. California Public Resources Code. Div. 5, Ch. 3, Art. 3 (Sec. 5500 - 5595).
Municipal Utility District Act. The directors are empowered to incur bonded indebtedness up to five per cent of the assessed valuation of the property in the district subject to approval by a two-thirds vote of the electorate. They also can levy and collect taxes not to exceed five cents on every one hundred dollars valuation. A majority vote of the electors is required before any land or buildings of the district can be sold.

The East Bay Regional Park District originally was created to purchase surplus land belonging to the Municipal Utility District which is appropriate for recreational use. The park functions would have been added to the powers of the Utility District except for a clash of personalities between the chairman of its board of directors and certain proponents of the park program. Instead of amending the Municipal Utility District Act, the Regional Park District Act was adopted by the Legislature. Seven Alameda County cities, Berkeley, Oakland, Piedmont, Emeryville, Alameda, Albany and San Leandro, are members of the Park District.

The Bridge and Highway District Act was adopted in 1923 to facilitate the construction of a bridge across the Golden Gate between San Francisco and Marin County. The district form was utilized in the belief that construction would be expedited, that bridge district bonds would bring higher market prices than state bonds, and that the financial burden should be borne by the areas benefited rather than by the state at large. Modeled after the Metropolitan Water District Act, the

enabling legislation in essence provides for a federation of counties.

The procedure prescribed for formation of a bridge and highway district is somewhat complicated. The board of supervisors of each county wishing to include a portion or all of its territory in the district may adopt an ordinance to that effect. If the supervisors fail to act, the electors may resort to initiative proceedings to pass the ordinance. After it is enacted the supervisors either may direct that a petition be circulated in the county so that ten per cent of the qualified voters can express their approval or disapproval, or the supervisors may call an election to determine the will of the voters. The petitions and any protests are taken to the superior court of each county for hearings on inclusion in the district. After court review and disposal of the protests, the Secretary of State may declare the bridge and highway district incorporated.

The directors are appointed by the board of supervisors of each county as follows: one for a county with a population of 40,000 or less, two for a county with a population of 40,000 to 100,000, three for a county with a population of 100,000 to 500,000, and five for a county with a population of 500,000 or more. The number of directors from any one county is not to exceed the total appointed from all the others. Directors serve for four-year, over-lapping terms and receive no compensation except for a fee of twenty dollars for each meeting attended. The board elects one of its members president of the district and appoints a secretary, general manager, auditor, attorney and other officers. The general manager has full administrative control of the district and can appoint subordinate officers and employees, prescribe their duties and
fix their salaries, subject to the approval of the directors.

The Golden Gate Bridge and Highway District possesses all the attributes of a special quasi-municipal corporation. It is empowered to acquire, construct, maintain and operate bridges, roads, and other properties of a revenue producing nature. It has the power of eminent domain. To finance its projects and operations, the District may borrow money and issue bonds, and it can cause taxes to be levied and collected. Before incurring any bonded indebtedness, the directors must be authorized to do so by a two-thirds vote of the electorate. The total bonded indebtedness may not exceed fifteen per cent of the assessed value of all the property in the district. The maximum term of bonds is forty years and the maximum interest rate six per cent per annum. In case the revenues of the District prove inadequate to pay the principal and interest on the bonded debt as they become due, the Directors are required to determine the amount necessary to be raised and the rate of taxation and to levy a tax accordingly. Taxes are collected by the counties and constitute liens on all property within the district. In addition, the directors are authorized to levy a tax not to exceed ten cents per one hundred dollars of assessed valuation to cover preliminary organizational and engineering expenditures prior to the approval of the first bond issue.

The Golden Gate Bridge and Highway District includes San Francisco, Marin, Sonoma, Napa, and Del Norte Counties and part of Mendocino County. The rest of Mendocino County and all of Humboldt County originally joined the District but withdrew during the period of preliminary litigation. Currently there is a movement in progress to have the Golden
Gate Bridge taken over by the State and made part of its highway system. The legislation establishing the California Toll Bridge Authority declares that it is the policy of the State to acquire all toll bridges on state highways with the objective of ultimately eliminating toll charges thereon. Several bills providing for the transfer of the Bridge to the state agency have been introduced in the legislature.

To facilitate the construction of the San Francisco-Oakland Bay Bridge, the California Toll Bridge Authority Act was passed in 1929. The legislation created a board, consisting of the Governor, Lieutenant Governor, Director of the State Department of Public Works, Director of the State Department of Finance and Chairman of the State Highway Commission, which is authorized to direct the State Department of Public Works to build toll bridges and highway crossings. The Authority is empowered to issue bonds payable only from revenues. It has no power to tax. The financing of the Bay Bridge was made possible by the U.S. Reconstruction Finance Corporation's agreeing to purchase the bonds. This commitment was subject to two provisos— one to the effect that all tolls be used for debt retirement and another that the operating and maintenance costs be paid by the State. Under its power to grant permits and enter into contracts with public and private agencies to operate transit facilities on its toll bridges and highways, the Authority has leased the Bridge Railway to Key System Transit Lines for operation. In case of default of the company, the Authority has the right to operate the transit system itself.

The London Passenger Transport Board

The London Passenger Transport Board officially passed out of existence on January 1, 1948, when its facilities were nationalized along with the British railroads, and placed under the control of the Ministry of Transport. Today the British Transport Commission, a public agency, owns the London transit system, and it is managed by the London Transport Executive. However, as it existed from the time of its creation in 1933 to 1948, the London Passenger Transport Board furnishes the only available pattern of a regional public transit authority which engaged in operations over a period sufficiently long to justify an evaluation of its record.

The Board was established under the London Passenger Transport Act. The original bill was drafted under the direction of Herbert Morrison when the first Labor Government was in power, but it was passed by the successor Conservative Government with only a change in the method of appointing Board members. The Act created a public corporation, an instrumentality comparable to the special purpose authority in the United States. The principal difference was the fact that the public corporation was financed by the sale of shares instead of by bond issues. Since the stock carried with it no privileges of ownership or management, except that the shareholders had the right to apply to the Lord Chancellor for the appointment of a receiver in case of a failure to pay interest for three months, the difference was more apparent than real.

Prior to the organization of the L.P.T.B. the metropolitan area of Greater London was served by 93 different omnibus, coach, tramway, trolley bus and underground companies, many of them operating in competition and duplicating each other's services. From these operators the Board
took over properties representing a capital investment of £120,000,000 with 11,430 passenger vehicles and 71,900 employees. This large-scale transfer was accomplished by exchanging shares in the Transport Board for shares in the predecessor companies. Since most of the facilities acquired were relatively modern and the equipment was in good condition and since the lines covered most of the metropolitan area, the chief function of the new authority was to integrate the system and eliminate duplication in the interest of economy.

The Board held a monopoly franchise on all local and interurban passenger transit except for cabs and main line railroads within a 1,500 square mile area in and around London, and it operated extensions of these lines over 1,436 square miles. Under the terms of a contractual agreement the four British main line railroads pooled their local passenger revenues with those of the L.P.T.B. The authority received sixty-two per cent of the net receipts and in addition retained certain operating allowances.

The Board consisted of seven members including a chairman and vice-chairman. Under the provisions of the original Labor bill they were to be appointed by the Minister of Transport. Fearing that this would lead to political appointments, the Conservatives devised a unique system under which Board members were named by six trustees, incumbents of various public and semi-public offices. These included the chairman of the London County Council, a representative of the Advisory Committee on London Traffic (members of which are named by the Minister of Transport), the chairman of the London Clearing Banks, the president of the Law Society, the president of the Association of Chartered Accountants, and the chairman of the Board itself. The first two of these officials represented
the interests of the public at large, and the next three represented special interests. Designating the Board chairman as one of the appointing trustees made the L.P.T.B. to some extent a self-perpetuating body. The system of appointments has been criticised on the ground that it made the Board unresponsive to public opinion by insulating it against pressures. It has also been pointed out that the three trustees representing professional associations were elected annually and might have been completely uninformed on transportation matters. The president of the Law Society and the president of the Association of Chartered Accountants might not even have been residents of the London Passenger Transport Area.

The act of Parliament provided that the members of the Board must be qualified as experts in transport, finance, commerce or industry, and two of the seven must have had at least six years experience in local government within the London Passenger Transport Area. No member could have any interest in an enterprise subject to the control of the Authority. The term of office was seven years, but any member could be removed for cause by the Minister of Transport with the approval of the appointing trustees. Salaries were fixed by the Minister after consultation with the trustees and the treasury. The chairman and vice-chairman served full time and were paid annual salaries of £12,500 and £10,000 respectively. The other five members received £750 per year for part time service which included at least attendance at the fortnightly meetings of the Board.


The London Passenger Transport Board had unlimited discretion regarding the organization and appointment of its official staff. The affairs of the Board were personally administered by the chairman, Lord Ashfield, and the vice-chairman, Frank Pick. There was no general manager. The organization was divided into twelve departments, each headed by one of the following officials: secretary and chief legal advisor, comptroller, solicitor, manager of road services, chief engineer, chief mechanical engineer (railways), manager of railways, chief commercial officer, chief public relations and publicity officer, chief development and research officer, executive officer for staff and staff welfare, and chief medical officer. The Board was free from civil service regulations and could establish its own personal practices. However, the act creating the agency required that it blanket-in the employees of all transit systems acquired and that it pay compensation to the extent of the loss suffered by any employee of a predecessor company whose position was abolished as a result of the transfer. By 1947 the Board had 93,000 employees.

The London and Home Counties Traffic Advisory Committee was set up as a channel for the expression of public opinion on transit matters. Its forty members were appointed by the Minister of Transport for three-year terms and included representatives of labor, local authorities, police authorities, main line railroads and other forms of transportation, and of the L.P.T.B. itself. Holders of shares in the Transport Board were not represented. The Committee's powers were only advisory. It was required to meet at least three times each year unless its members and the Board agreed that it was unnecessary to meet. It was authorized to hold public inquiries and had the power to require the attendance of and presentation of testimony by witnesses.
Three other advisory agencies aided the Transport Board in discharging its duties. A standing committee of eight, four from the L.P.T.B. and one from each of the four main line railroad companies made plans for the coordination of services and the pooling of local revenues of the Board and the railways. A negotiating committee and a wages board handled all problems arising between the management and the employees. A three member arbitration tribunal was appointed by the Lord Chancellor to work out financial arrangements in cases in which the Board and a predecessor company were unable to agree on valuations.

The London Passenger Transport Board had the essential powers of a private corporation. It could sue and be sued, hold property and enter into contracts. In addition it was vested with certain powers beyond the scope of those enjoyed by private corporations. Primarily it was authorized "to secure the provision of an adequate and properly coordinating system of passenger transportation for the London Passenger Transport Area". The Board was empowered to operate, maintain and extend the transit system. It could enter into agreements to acquire or to lease all or part of any other transportation line within or mainly within the London Passenger Transport Area. It could purchase, repair and maintain rolling stock, vehicles, appliances and apparatus for use in connection with its operations. It could purchase or lease land and erect necessary buildings or other structures thereon. The Board was vested with the power of eminent domain but could exercise it only with the approval of the Minister of Transport when the expenditure involved was less than £1,000,000, and the approval of Parliament was required when the expenditure was greater.
Under the original act the Transit Board was granted a limited power to borrow funds to finance the acquisition and construction of facilities. This power was extended by Parliament from time to time. The Board had no power to tax. Its security issues were subject to regulation by the Ministry of Transport and also had to be approved by the Treasury. The Minister prescribed the form of the annual statement of accounts, and the books were audited by an appointee of the Board who had been approved by the Minister.

The L.P.T.B. was empowered to set its own fares and to determine its routes subject to certain limitations. Under the London Traffic Act the Minister of Transport had the right to limit the number and frequency of trips on any one street and to allocate them between the Board and competing lines. To protect the public against discriminatory treatment, the Railway Rates Tribunal was given jurisdiction to hear appeals and issue orders on fares and service. However, it could not order a reduction of fares in the face of a proved necessity of the Board. With regard to service, it could require little besides the decreasing of headways or the establishing of new bus routes because it was specifically prohibited from injuring the Board's financial position and could not make any order necessitating an application to Parliament for additional powers or for the raising of additional capital without the Board's consent.

Neither the securities nor the properties of the L.P.T.B. were exempt from taxation. In addition to national income and fuel taxes, the Board was subject to local license taxes and similar imposts.

A singular feature of the organization of the Transport Board was the fact that although its powers were derived directly from Parliament,
in practice the Minister of Transport stood between the Board and the legislative body. This situation was due to the fact that the Minister was the source of all information about the L.P.T.B. in Parliament, and he was in a position to assert some measure of control over the Board's actions by refusing to support its policies before Parliament.

The Board operated a modern, efficient mass transit system covering one of the world's largest metropolitan areas. Of its many types of facilities, the most notable was the London Underground, a low-level tube, which provided fast, comfortable, dependable service to a considerable portion of the sprawling metropolis. The schedules of lines of all types were well coordinated, and transfers were made in comfortable, well designed stations. In contrast to the general pattern of the transit industry in the last twenty-five years, the London Passenger Transport Board was run at a profit.

Experts generally agree that the London transit system is the finest in the world. According to one commentator it is the outstanding example of the many advantages of unified operation of all public transit services in a metropolitan center. Another writer has stated, "The experiment has achieved a high degree of transit coordination and has provided good transportation to the public, decent employment and wage conditions, and a fair return to the investors." 11

The provision of improved services to the fringes of London resulted in increased land subdivision and attracted new population to


these areas. Industries located there, and a series of new urban centers formed outside of the densely settled nucleus. Thus the effect of the establishment of a unified, comprehensive mass transit system tended to intensify the trend toward a decentralization. But at the same time it facilitated movement in the central core and probably bolstered land values there. The war devastation so disrupted this phase of England's economy that it will never be possible to study the long-term effects of the provision of rapid transit on land values in central London.

The Chicago Transit Authority

The Chicago Transit Authority was created in 1945 by an act of the Illinois Legislature. It acquired the properties of the bankrupt Chicago Surface Lines and Chicago Rapid Transit Company, and commenced operations in 1947. When the Authority completes its negotiations for the purchase of three motor coach lines, it will control all local transit facilities in Chicago.

The Authority is a municipal corporation with jurisdiction over a major portion of Cook County including Chicago and 85 suburban municipalities. Since the agency was directly created by the Metropolitan Transit Authority Act, no local action was necessary to give it corporate existence. However, before it can furnish local service within any city, it must be authorized to do so by ordinance of the local legislative body and the ordinance must be approved by a majority of the electorate. In order to insure that the Authority would not attempt to function without Chicago's joining, the Act provides that it may not commence operations until at least one city of 100,000 or more has granted it a franchise.

12. Illinois Revised Statutes 1945, Chap. 11 - 2/3, Sec. 301 et seq.
Chicago voted to allow the Authority to operate in the city at a referendum election in 1945. The term of the franchise is 50 years and thereafter until terminated by ordinance of the city council approved by a majority of the electorate.

The Authority is empowered to furnish interurban service without obtaining local franchises. It may run its lines through any city within the district over which it has jurisdiction. The Chicago Park District Act was amended to authorize the Authority to operate buses through parks and on parkways and drives of the Park District.

Government of the Authority is vested in the Chicago Transit Board. This body consists of seven members, three appointed by the governor of Illinois with the advice and consent of the state senate, and four appointed by the mayor of Chicago with the advice and consent of the city council. Each appointment by the governor is subject to approval by the mayor; each appointment by the mayor is subject to approval by the governor. The governor or the mayor may remove any member appointed by him in case of incompetence, neglect or malfeasance, after first holding a public hearing. The Act provides that members of the Board must be residents of the Chicago metropolitan area and must be men of recognized business ability. They can hold no government office other than an honorary one and can have no financial interest in any transaction of the Authority.

The initial terms of the Board members range from one to seven years; all succeeding appointments are for seven years. Members of the first Board receive salaries of $15,000 per year. Salaries of their successors are to be fixed by the Board itself, but no member can have his salary increased or diminished during his term of office. The
Board elects a chairman from among its own membership for the remainder of his term or for three years, whichever is the shorter period. The chairman can engage in no other business or employment during his term, and he is entitled to receive additional salary at the discretion of the Board. At present the total salary of the Chairman is $10,000 per year. All members are entitled to be reimbursed for expenses incurred in the discharge of official duties.

All actions of the Board are taken by ordinance or resolution which must be approved by a vote of at least four members. The measure is then submitted to the chairman for his approval, and if he fails to give it, the ordinance or resolution must be passed by at least five members. This provision gives the chairman effective control over most of the actions of the Authority.

The administrative function is vested in a general manager employed by the Board. He manages all properties, operations and other business of the Authority and is responsible for the employment of the staff, subject to the general control of the Board. A chief engineer, general attorney and two transportation consultants also are appointed directly by the Board. Under the terms of the Act, the Authority is obliged to blanket-in the employees of transit systems it acquires and to recognize their seniority and to protect their tenure, insurance and retirement rights. Discrimination in employment on the basis of race, color or creed is expressly prohibited.

The Chicago Transit Authority is empowered to acquire, construct, own, operate and maintain a public transportation system within the limits of its territory. It can acquire existing local transportation
systems and construct new ones. It has the right of eminent domain to acquire properties necessary for its operations and to remove obstructions to its routes. Authority is granted to the Board to make rules and regulations governing the operation of the system and to levy fines and impose penalties to make this power effective. Fines are limited to two hundred dollars and imprisonment is not to exceed six months. The Board is vested with the power to determine routes and to prescribe standards of service.

The legislation requires that the Authority be financially self-sustaining. It has the power to borrow money and to issue revenue bonds, but it has no power to tax. Fares must be set high enough to provide sufficient revenue to cover both operating costs and debt service. The Act requires that the Board prepare an annual budget and that it submit an annual financial report to the governor, the county and the cities within the district.

The Authority is specifically exempted from regulation by the Illinois Commerce Commission; its jurisdiction over rates, service and financing is absolute. No provision is made for any advisory body, but any city which has granted the Authority a franchise may submit complaints and require the Board to hold public hearings thereon.

By act of the Illinois Legislature, the Authority is exempt from state and local taxation. Its income, and income derived from its securities is exempt from federal taxation.

The system now covers most of the Chicago metropolitan area. It includes street car, trolley coach and motor bus lines purchased from the Chicago Surface Lines and elevated and subway lines acquired from
the Chicago Rapid Transit Company. The agency owns the elevated rights of way, but it leases the subways from the City of Chicago. Plans call for the city to continue to finance the construction of subways and to turn them over to the Authority for operation under leasehold. Chicago and Cook County, with the aid of the State and the U.S. Public Roads Administration, have started to build a 67 mile system of freeways radiating from the central business district. Motor coaches of the Authority will run on these through-traffic arteries, and the necessary turnouts, stations and approaches will be provided.

The Chicago Transit Board has formulated a comprehensive ten year program of modernization and extension of existing services. It contemplates the purchase of 2,725 new buses, 1,000 new elevated and subway cars, and 800 new street cars. It plans to install a modern signal system on all elevated lines and subways, to rehabilitate elevated structures, to build new shops and garages, and to pursue a continuing policy of replacing wornout and obsolete equipment. Existing routes will be relocated and extensions added. As rapidly as agreements can be reached with the cities involved, the Authority will negotiate to purchase local suburban transit lines and will integrate them into the metropolitan system.

Clearly it is too early to judge the record of the Chicago Transit Authority. It commenced operations in a relatively favorable financial position because it had been able to acquire the assets of the Chicago Surface Lines and the Chicago Rapid Transit Company at bargain prices. Both systems had been bankrupt for a number of years, and efforts to re-organize them had failed repeatedly. Although the
book value of the properties of the two companies was approximately $160,000,000, the Authority purchased them from the trustee in bankruptcy for only $87,000,000. The fact that it was able to lease the subways from the city of Chicago on comparatively favorable terms also was to the financial advantage of the Authority. However, in order to avoid running at a loss it found it necessary to raise its fares from nine cents to thirteen cents on the surface lines and from twelve cents to fifteen cents on the rapid transit lines during the first year of operation. These increases caused patronage to drop off to some extent. The Board anticipates that in the long run the modernization and expansion of the system will lead to an increased passenger volume and that it will be possible to reduce fares.

Boston Metropolitan Transit Authority

The Boston Metropolitan Transit Authority was created in 1947 by act of the General Court of Massachusetts to take over the properties of the Boston Elevated Railway Company.13 Although privately owned, the company's lines previously had been leased to a public agency for operation. The anomaly of this situation was demonstrated when it became necessary three times within a ten-year period to levy taxes in order to pay dividends to the shareholders of the Boston Elevated. To rid the taxpayers of this imposition and to relieve the system from the substantial burden of paying federal income taxes, the Metropolitan Transit Authority was formed.

The M.T.A. now includes Boston and the surrounding cities of Arlington, Belmont, Brookline, Cambridge, Chelsea, Everett, Medford, Malden, Milton, Newton, Revere, Somerville and Watertown. As service

is extended to additional communities the jurisdiction of the Authority will be broadened accordingly.

The Boston Metropolitan Transit Authority actually is a state agency rather than a league of cities and towns. The affairs of the Authority are run by a board of five trustees appointed by the governor with the advice and consent of the Transit Council. Members of the board serve for ten-year staggered terms. Vacancies are filled in the same manner as appointments for new terms are made. The governor may remove any trustee for cause with the approval of the Council. The Act specifically provides that not more than three trustees are to be members of the same political party. No board member is to have any interest in any public utility or any company financing a public utility or to perform services for or contract with such a utility or such a company.

The governor appoints a chairman of the board of Trustees to serve for an undesignated period. He is paid an annual salary of $10,000 and other members of the board receive $8,000 for their services. The board is empowered to appoint and remove at will a president, one or more vice-presidents and other officers, and it may prescribe their duties and set their compensation. Employment and personnel practices also are under the control of the trustees. They may hire as many employees of predecessor companies acquired as they see fit, but the accrued rights of such employees as are blanketed-in, are fully protected under the terms of the Act. The Authority is not subject to the state civil service or pension laws.
The trustees are charged with the general duty of exercising their powers to provide an adequate, efficient, integrated system of rapid transit within the district by means of subways, surface and elevated equipment and other structures. The Authority has the power of eminent domain, and it may exercise it to acquire any property necessary to maintain or improve its existing system. However, it cannot construct any new lines or contract to operate any additional existing lines, without first obtaining authorization from the General Court of Massachusetts. Fares are to be set by the board of trustees at levels sufficient to meet the cost of providing service, but the rate structure, as well as routes and schedules, are subject to regulation by the State Department of Public Utilities.

The Metropolitan Transit Authority is financed through borrowing and taxation. Funds from both sources are collected through the action of other agencies. In order to take advantage of the credit of the Boston Metropolitan District Commission, the M.T.A. issues its bonds to the Commission instead of selling them directly to the public. The Commission in turn issues bonds in the same amount and for the same term as those of the Authority but at an interest rate two per cent lower. The Authority's bonds are purchased by the Commission from the proceeds of the sale of its own securities. Approval of the State Department of Public Utilities is required before the M.T.A. can incur any bonded indebtedness. The purpose of each issue must be specified and the proceeds cannot be expended on any other project. When revenues are insufficient to meet operating costs and other current financial obligations, the Authority may resort to the state treasury to make up the deficit. The state recovers this amount by levying assessments on the cities.
and towns in the district in proportion to the number of their residents who ride the transit system.

Bonds of the Authority and of the Metropolitan District Commission are tax exempt. Real property belonging to the M.T.A. is subject to taxation by the municipality in which it is located, but its personal property is tax free.

The Act grants the Authority an exclusive franchise throughout the district. At present it operates subway, elevated and surface rail lines and motor coach lines, all taken over from the Boston Elevated Railway Company. Since the principal purpose of organizing the Boston Metropolitan Transit Authority was to put an existing system on a sound financial basis, it is unlikely that any major changes in the scope of its operations will be made in the near future. The most pressing current needs are to replace obsolete rolling stock and to speed-up and coordinate schedules. Having assumed the obligations of an unprofitable enterprise at a time of rising price levels, the Authority must strengthen its financial position before it can embark on a program of major expansion.

Toronto Transportation Commission

Because it serves an entire metropolitan area the Toronto Transportation Commission often is discussed as if it were a regional authority. However, it actually is a quasi-municipal corporation which is dependent on the city of Toronto in several important respects. The Commission was created by act of the Legislative Assembly of Toronto in 1920, and it commenced operations in 1921. It has acquired all of five and part of four private operating companies. In addition to Toronto the Commission serves nine adjacent municipalities under contractual agreements. It also owns a long-distance motor coach line which runs between the major cities of the province of Ontario.
The policy making body consists of three commissioners appointed by the Toronto City Council for three year terms. The Commission controls construction, operation, service and fares. The agency has no direct power to borrow or to tax. It is authorized to requisition funds from the city which issues loan debentures to obtain the necessary cash. Properties of the Commission are subject to taxation.

The Toronto transit system has proved an unusually successful operation. Since acquiring the properties of its predecessors it has been financially self-sustaining and has not required any contributions from the city. It has not found it necessary to increase fares since 1920, and most of its lines are well patronized. At present the Commission has plans under way for establishing a subway system and other facilities required for the provision of rapid transit service.

Proposed California Legislation

Rapid transit district enabling legislation was first introduced in the California Legislature in 1935. At that time the San Francisco-Oakland Bay Bridge was under construction, and it was proposed that a rapid transit district own and operate the Bridge Railroad and appropriate connecting lines. The bill failed to pass, but since most of its provisions are applicable to the problem of organizing a region-wide transit authority, they are worth considering.

Under the terms of Senate Bill 511 a rapid transit district may be organized by one or more counties or parts of a county or counties. The formation of a district may be initiated either by ordinance. 14. California Legislature, 51st Session, 1935, Senate Bill 511.
of a county board of supervisors or by a petition signed by ten per cent of the registered voters of the proposed district. In either case the measure must be referred to the electorate, and a majority vote within the territory at large is required for formation. The bill provides that the counties within a proposed rapid transit district must be contiguous, except for bodies of water. However, if the measure fails to carry in any county it is to be excluded, but any other counties thus separated from the district are not to be excluded.

The government of a rapid transit district is to be vested in a board of directors appointed by the county boards of supervisors on the following basis: one director for each county with a population of 40,000 or less; two for each county of 40,000 to 100,000; three for each county of 100,000 to 300,000; four for each county of 300,000 to 500,000; five for each county of 500,000 or more, provided that no county shall have majority representation on the board. The proposal contains an additional proviso to the effect that if two or more counties each having a population of 400,000 or more join the district, the directors shall be appointed on the basis of one for every 150,000 population or fraction thereof with no special allowance for counties of 500,000 or more. (The purpose of this provision appears to have been to allow San Francisco one more representative than Alameda County in case both counties were to join the district). Directors are to serve for four years with half the appointments being made every two years. The boards of supervisors have the power to remove their appointees. Directors are to be uncompensated except for a fee of $20 for each meeting attended plus travel expenses.
From its own membership the board is to elect a president and secretary. It is empowered to make rules governing the district by a two-thirds vote. The directors are to appoint a general manager and other officers and to fix their salaries and those of subordinate employees. The general manager is to be in charge of all operations and is to be responsible for employing the staff.

A district is empowered to acquire, construct, operate and maintain rapid transit systems, including railroads and interurban lines and rights of ways and related facilities of all types. Its authority is limited, however, by a clause providing that it cannot acquire or interfere with any publicly owned bridge, street railway or rapid transit facility without the consent of the responsible agency. It is further provided that a district cannot exercise its powers in connection with any facility constructed or acquired by the State Toll Bridge Authority without the approval of the Authority and the State Board of Public Works. Clearly this section was intended to cover the San Francisco-Oakland Bridge. A district has the power of eminent domain with respect to private property. It may acquire and use public rights of way only with the consent of the municipality or other public agency within whose jurisdiction they lie.

Under Senate Bill 511 a rapid transit district has the power to borrow money, levy taxes and fix fares. It may incur bonded indebtedness upon a two-thirds vote of directors affirmed by a two-thirds vote of the electorate. Bonds must be payable within 40 years, and the interest rate cannot exceed 6 per cent. The total indebtedness is limited to 15 per cent of the assessed valuation of property within the
district. It was the intention of the drafters of the Act that rapid transit districts should be self-supporting and rates should be set to accomplish this purpose insofar as possible. However, the district has the power to levy taxes, to make up deficiencies in revenues. Authority to tax, limited to five cents per hundred dollars of assessed valuation, also is granted to finance preliminary engineering studies and administrative outlays during the first year after formation of the agency.

The proposal provides for the annexation of additional territory upon the initiative of the board of supervisors of the county in which the proposed addition is located, approved by two-thirds of the board of directors and a two-thirds vote of the electors within the proposed addition. Any territory annexed is required to assume its proportionate share of the bonded indebtedness and the preliminary expenditures of the district. The bill specifies that the incorporation of a rapid transit district shall not deprive a municipal utility district within the same territory of any of its powers or sever any of its area. It will be remembered that municipal utility districts are authorized to provide a wide range of public services including transportation.

The principal defect of Senate Bill 511 as a model for metropolitan authority enabling legislation is the fact that the rapid transit district it proposes is organized on a basis of counties. Except in the City and County of San Francisco, boards of supervisors represent only the unincorporated areas. Inasmuch as the cities are primarily affected by the provision of rapid transit and contribute the greatest share of its financing, it is believed that they should
be accorded direct representation on the governing board of the district.

The need for a solution of the transit problem is even more pressing in the Los Angeles metropolitan area than it is in the San Francisco Bay Region. The enormous area covered by the metropolis, the highest rate of automobile registration per capita in the world, and the great influx of population during the past decade, have created a volume of traffic far beyond the capacity of the circulation system. The existing transit companies, Pacific Electric Railway Company and Los Angeles Railway Corporation, have allowed their equipment to deteriorate and have curtailed their services to the point that they are grossly inadequate to serve the potential public demand. The State Department of Public Works already has commenced construction of a comprehensive network of automotive freeways in the area, but no provision has been made for rights of way for rail rapid transit. Since no existing agency is willing to exercise this function, it appears that a metropolitan transit authority is urgently needed to acquire rights of way for rail lines in freeways before the present opportunity is lost. Constructing such rights of way at a later date would be vastly more expensive than to build them into freeways now.

A rapid transit district enabling act was drafted under the auspices of the Metropolitan Traffic and Transit Committee of the Los Angeles Chamber of Commerce and introduced in the California Legislature in January, 1949. Under the provisions of the bill a metropolitan transit district is to be a public corporation created for the purpose of providing rail rapid transit in an area within a single county but including not less than two cities.

Action to form a district can be initiated only by resolution of the county board of supervisors. The board is required to hold hearings, but it has the power to designate the area to be included in the district. Any area may be excluded over its protest by vote of four-fifths of the members of the board of supervisors. The formation of the district is to be submitted to the voters within the designated area. A double majority is required for the measure to carry, i.e., a majority of all votes cast at the election plus a majority of votes in a majority of the cities included in the proposed district, counting all the unincorporated territory as one city.

In addition to the usual corporate powers, the district is authorized to provide rail rapid transit facilities for the transportation of passengers, mail and express but not for freight; to acquire and construct necessary facilities anywhere in the district; to exercise the power of eminent domain; to construct routes in city streets provided the city consents; and to enter into agreements for the joint use of property of the district and of private rail lines and for the establishment of through routes, joint fares and transfers.

A board of directors is to be appointed, consisting of at least one representative from each city and one from the unincorporated area included in the district. (There are 45 cities in Los Angeles County.) The representatives are to be appointed by the mayor of each city (or by the chairman of the city council in cities having no mayor) with the advice and consent of the city council. A representative of the unincorporated territory is to be appointed by the board of supervisors. Each director is to have voting power proportionate to the assessed
valuation in the area he represents (one vote for every $10,000,000 or major fraction thereof), each representative having at least one vote and none having more than half the total number of votes. A city or the county may appoint several representatives, not exceeding one for each additional $200,000,000 of assessed valuation, but such representatives must cast the city or county vote as a unit and as a majority present determine. The directors are to be appointed for terms of four years but may be removed at any time in the same manner as appointed. They are to be uncompensated except for a $20 fee for each meeting attended with a maximum of $100 in one calendar month.

The directors are empowered to employ engineers to develop a comprehensive rapid transit plan for the district and to make estimates of costs and revenues, to determine what rapid transit facilities should be acquired or constructed, and to submit to voters of the district propositions for incurring bonded indebtedness for the acquisition and construction of facilities. A two-thirds vote of the electorat e is required to authorize a bond issue.

When the first bond issue is approved, the board of directors is to appoint a seven-man board of management selected from its own membership, no more than three members representing any one city or the unincorporated territory. Members of the board of management are to serve at the pleasure of the board of directors and are to be uncompensated except for a fee of $20 per meeting with a maximum of $100 in one month. The board of management is authorized to prescribe a system of business administration and create all necessary offices, to employ personnel, to make contracts and leases and to provide for the construction of transit facilities. However, all financial powers are reserved to the board of directors.
This form of organization constitutes a radical change from the original draft of the proposed act. It provided that the board of supervisors was to divide the district into nine divisions, giving consideration to area, population and assessed valuations, and to appoint a director from each subdivision. There was no provision for a board of management.

The district is empowered to incur bonded indebtedness not exceeding 15 per cent of the assessed valuation therein. The board of directors is to decide on specific projects to be financed and to submit propositions for incurring bonded indebtedness to the voters. A two-thirds vote of the electorate is required for approval. Principal and interest on bonds are payable primarily from revenues of the district. The bonds are tax-exempt.

To make up deficiencies if revenues are insufficient to service the bonds, the directors are empowered to levy taxes on the use of the transit facilities to be collected from the passengers in the form of increased fares. If revenues plus use taxes fail to yield sufficient funds, the district is authorized to levy property taxes to make up the difference.

The original draft of the bill did not provide for the use tax. All deficiencies in revenues had to be made up from ad valorem property taxation.

In addition, the directors are authorized to levy taxes for general administrative and preliminary engineering expenses not exceeding five cents on every $100 of assessed valuation. Prior to receipt of funds from the first tax levy, the district may issue short-term notes in an amount not to exceed five cents on every $100 of assessed valuation to defray preliminary expenses.
The proposed act provides that the rapid transit lines and facilities are to be leased to a private contractor for operation. Rents are to be determined by the board of directors, and the term of the lease is not to exceed 50 years. The lease is to provide for the use of modern passenger cars and equipment satisfactory to the board of management "to the end that rapid passenger transportation shall be required". The contractor is to own the rolling stock, and he may operate through sub-contractors. Fares are to be set by the State Public Utilities Commission and are to be based on the results of operation of the rail rapid transit system together with operation by the contractor of such supplemental and feeder bus lines as are reasonably necessary.

The district is authorized to operate the system temporarily or indefinitely in the event that no operating company offers to lease the facilities, in the event that the directors determine that the terms of all the leases proposed are unsatisfactory and that the district shall operate the system, or in the event that the board takes possession of the leased system by default. In such case, the district is empowered to purchase or lease rolling stock and other operating equipment and to operate supplemental and feeder bus lines. Funds for the provision of rolling stock and other equipment are to be provided by the issue of revenue bonds, subject to approval by two-thirds of the voters. In addition, the purchase of rolling stock may be financed by issuing equipment trust certificates. When the district operates the system, fares are to be set by the board of directors.
Upon petition of 100 owners of taxable property within the proposed addition, the board of directors is to hold hearings on the annexation of additional territory. If the board finds it in the best interests of the district and of the territory proposed to be annexed, it may pass a resolution calling an election in the new area. A majority vote of the electorates within this territory is required for annexation.

In the event that a bond issue has not been approved by the voters within three years after formation of the district, the board of directors is to submit to the voters a proposition that the district be dissolved. A majority vote is required for dissolution.

In considering the appropriateness of Assembly Bill 2023 for application to the San Francisco Bay Area, the first obstacle encountered is the limitation of the scope of the district to the bounds of a single county. Many of the details of the proposal would have to be amended to make it applicable to more than one county.

Power to initiate action for the incorporation of a rapid transit district is vested exclusively in the board of supervisors. It would seem desirable to include some provision for popular initiative. In certain instances conflicts of interest exist between incorporated and unincorporated sections of the same county. In the light of this fact, perhaps it would be advisable to make it possible for a municipal legislative body to initiate action to form a district. The bill provides that a county board of supervisors has power to exclude any territory within its jurisdiction from the district as originally formed. It might be more in accord with democratic principles to submit the proposition of forming a district as originally proposed to the
electorate and to allow cities and unincorporated areas in which a majority of the voters do not favor membership to exclude themselves. The possibility of inappropriate outlying areas joining could be insured against by making it clear that they would not receive transit service for the present. Voters of areas which will receive no benefits are unlikely to subject themselves to the possibility of taxation.

The requirement of a double majority vote for the formation of a transit district may be questioned. Approval by a majority of the electorate within a majority of the many cities and unincorporated county areas within the Bay Region probably would not be necessary to assure the operation of a successful comprehensive transit system. The double majority provision would make it possible for a bloc of small, relatively unimportant communities representing a minority of the electorate to defeat the measure in the face of a popular demand and a practical need for the establishment of a transit authority.

As it is set up under the bill, the board of directors is too large to constitute an efficient policy making body. Even if only one-quarter of the cities and unincorporated county areas in the San Francisco Bay Area Region were to join the authority, the board would have at least 19 members. The provision of the proposed Act delegating administrative functions to the board of management undoubtedly is intended to minimize the disadvantages of an unwieldy directorate. However, the desirability of this division of responsibility is debatable from the standpoint of sound administrative practice. Situations easily can be imagined in which it would not be clear whether a particular matter were within the province of the board of directors or the board of management.
A more serious objection to vesting the policy making function in a body representing the cities and counties is the strong possibility that decisions would be made on the basis of local interests rather than on consideration of their effect on the transit district as a whole. Numerous opportunities for vote trading are bound to arise, and it would be unprecedented if at least some of the directors failed to take advantage of them. There is a grave possibility that under the proposed governmental setup of the district the provision of transit service would be thrown into the realm of politics and that as a result the system would be a failure.

The bill gives the directors voting power proportionate to the assessed valuation of the areas they represent. This arrangement places major emphasis on their authority to levy property taxes. Since the board also is authorized to impose use taxes on the riders and the measure provides that the use tax is to be resorted to before the property tax in servicing bonds, it might be more consistent to make the voting power of the directors proportionate to the population they represent. Even if the bill included no use tax provision, representation on the basis of population rather than assessed valuation probably would be more in keeping with basic American political principles.

With regard to finances, the fundamental approach of the drafters of Assembly Bill 2023 appears to have been that the transit system should be self-sustaining. If the district proves unable to support itself from its revenues, the major part of the additional burden then shifts to the rider, in the form of a use tax, rather than to the public at large. Only in the last resort, when increasing the use tax results in decreased
revenues, are the directors authorized to levy an ad valorem property tax. This approach appears to overlook the fact that a rapid transit system benefits many segments of the community other than those persons who actually patronize it. It probably would be more equitable to treat transit as an essential public service and to subsidize it to the extent necessary in the interest of the general welfare.

The proposed act limits the powers of the district to ownership of rail lines only, unless it operates the system itself. Most qualified transportation engineers and planners believe that a comprehensive interurban system of rapid transit should include motor coach lines and other types of equipment. The bill leaves the operation of feeder and supplementary bus lines completely up to the discretion of the private operator.

The provision requiring the leasing of the facilities to a private contractor for operation, except under certain specified conditions, brings up the question of whether service for riders and dividends for shareholders are consistent objectives. It has been claimed that good service cannot be obtained without the profit incentive. However, in the case of metropolitan area-wide transit, the argument for public operation is a strong one. The cost of rights of way, structures and other capital improvements is so great compared to the investment necessary for the purchase of rolling stock and operation of the lines that turning over the facilities to a private contractor would practically amount to the taxpayers' underwriting dividends for the corporation's shareholders. The combination of public ownership and private operation of mass transit has been tried in New York and Philadelphia and has not proved successful. The current financial plight of the transit industry makes it highly unlikely that new risk capital will be attracted to
invest in an operating company. Nothing in the records indicates that operation by private corporations now in the field would be likely to result in satisfactory service. Few private transit companies have displayed sufficient foresight, inventiveness or financial acumen in operating methods to justify entrusting them with facilities on which huge amounts of public funds have been expended.

There is some doubt as to whether it would be practical to attempt to impose public controls on a private operator to insure the quality of equipment or service. The proposed act provides that the terms of the lease shall require the use of modern equipment, but it is questionable whether this requirement actually could be enforced.

The bill makes dissolution of the district possible if no bond issue has been approved by the voters within three years. This appears to be too short a time in which to organize a regional authority, complete engineering studies and conduct an educational campaign to convince the public of the need for rapid transit. The annexation provision, requiring the signature of only one hundred property owners before submission of the proposal to the board of directors, appears to be inadequate. A petition signed by a certain percentage of the registered voters in the area proposed to be annexed would be more appropriate.

Assembly Bill 147, introduced at the 1949 session of the Legislature, is practically identical with Assembly Bill 2023 except that the provisions requiring that the facilities be leased to a private operator are omitted. Assembly Bill 2454, introduced at the same session, differs from 2023 only in that it provides for initiation of action to form a rapid transit district by the governing board of a city rather than by a county board of supervisors.

Action Under Existing Legislation

Under two California statutes, the Municipal Utility District Act and the Toll Bridge Authority Act, it would be possible for a public agency to provide transit service on a regional or subregional scale. Under three other laws, the Bridge and Highway District Act, the Transportation District Act and certain freeway legislation, elements of such a system could be constructed and operated.

As has been pointed out, a municipal utility district is authorized to provide a wide variety of public services including transportation. In most respects the Act provides a suitable form for organizing a metropolitan rapid transit system. A major defect is that no provision assures that an area large enough to form a workable district will join. Modern mass transit is designed to operate on a regional basis, and anything less will be uneconomic and will not relieve the highways from traffic congestion. Another undesirable feature of the Municipal Utilities District Act is that it calls for election of the board of directors. It is scarcely necessary to point out transit should be insulated from political pressures rather than exposed to them. Experience indicates that if top-grade men are desired for directorships, they should not be required to run for office.

The California Toll Bridge Authority is empowered to own and operate rail facilities in connection with its toll crossings. Under this grant the tracks, yards, terminal buildings, signal system and many of the cars of the Bridge Railroad on the San Francisco - Oakland Bridge are owned by the Authority, although they are leased to Key System Transit Lines for operation.

18. California General Laws. Act 6393
The Authority also has power to acquire additional transit facilities connected with or coordinated with the Bridge Railroad within a district of fifty miles from either end of the Bridge. It may operate such lines itself or may lease them to a private contractor. Under the terms of the act the Authority must obtain a certificate of public convenience and necessity from the State Public Utilities Commission before it can commence providing transit service beyond the confines of the Bay Bridge and its approaches. Routes must be approved by each city and county through which they pass.

As enabling legislation for the establishment of a metropolitan rapid transit system, the California Toll Bridge Authority Act has several drawbacks. The territorial limitation on the power to operate transit, fifty miles from each end of the Bay Bridge, might prevent the system from covering the optimum area. Composed solely of state officials, the Authority might prove unresponsive to local demands and, as a result, might not command popular support. The fact that the approval of the Public Utilities Commission is a condition precedent to embarking on the enterprise might lead to inter-agency conflicts at the state level. Since it would be practically impossible for an area-wide transit system to be self-supporting, at least until a few years after the end of the period of major construction, the fact that the Toll Bridge Authority lacks the power to tax probably would prove a fatal defect.

The Bridge and Highway District Act grants authority to a district to acquire or construct and to operate railroads, street car lines and interurban lines and other types of property necessary to make use of toll bridges and highways for the benefit of the district. 20

Inasmuch as this provision specifically refers to "the project for which the district was organized" and the district has power to acquire rights of way only for bridges and approaches thereto, the authority to own and operate transit lines probably was intended to be limited to a single crossing and its approaches.

In the construction of freeways, the State Department of Public Works may provide facilities for loading and unloading motor coach passengers under existing legislation and may enter into contracts with private companies or public agencies to finance such facilities on the basis of use. The same act provides that the Department must grant permission before rail structures may be built on freeways. Although no provision is made for financing them, it might be possible to build rail rapid transit facilities under guise of this authority.

The Transportation District Act was intended to enable two or more cities within the same county to cooperate on an expressway construction program. However, the terms of the legislation are general, "facilities for the transportation of persons and property", and it neither specifically authorizes nor prohibits the construction of mass transit lines. Under this grant of power it might be possible for a group of cities within the same county to establish a transit system, but the single county limitation would make it impossible to set up an area-wide network in the San Francisco Bay Region.

**Miscellaneous Proposals**

A unique solution to the problem of coordinating, modernizing and extending transit service in the Los Angeles metropolitan area was

advanced ten years ago by the Los Angeles Transportation Engineering Board. This program was based on the assumption that transit inherently is an unprofitable type of enterprise and it would be folly for the taxpayers to undertake to finance it. Therefore, it was proposed that the transit lines be left in the hands of two existing companies but that operations throughout the metropolitan area should be controlled by an organization known as "Coordinated Transit". This was to be a non-profit association governed by a board of trustees consisting of one representative of each of the transit companies and one representative of the public. The trustees were to employ a director of transit operations who was to administer the entire system. Aside from the obvious difficulty of unifying the operations of two companies while retaining their corporate independence, it is difficult to understand how "Coordinated Transit" was supposed to modernize and extend the dilapidated transit facilities which serve Los Angeles without the provision of any additional source of revenue.

Informally, a number of commentators have proposed the establishment of sub-regional transit authorities. The proponents of this plan realize that public action will be necessary for the solution of the mass transit transportation problem, but they despair of achieving the cooperation between sectional interests upon which a comprehensive regional solution depends. Consequently they have suggested an East Bay Authority for Alameda and Contra Costa Counties, a West Bay Authority for San Francisco and the Peninsula and a North Bay Authority for Marin County. Many have expressed the pious hope that the successful operations of such agencies ultimately would lead to their

unification in an area-wide authority. This viewpoint overlooks the fact that one of the prime reasons for establishing a public transit agency is to override political boundaries and achieve integrated service.

Until the facilities serving various parts of the metropolitan area are effectively coordinated at their point of convergence, San Francisco, city streets and country highways will be choked with traffic and increasingly greater sums will be expended on road building in a futile attempt to remedy the situation. At present few people travel by mass transit from one sub-region to another because the available facilities are below the level of general public tolerance. However, providing integrated comprehensive service would transfer a substantial part of the demand from highways to rapid transit lines. Not only would this change result in major public savings, but also it would enable many more people to move about the region and to enjoy its natural advantages without undue effort or cost.
CHAPTER 5
PROVISIONS OF ENABLING LEGISLATION

The drafter of enabling legislation of this type should be guided by two divergent principles. On one hand flexibility is desirable. Ideally the provisions of the act should be general enough to meet the requirements of different metropolitan areas within the state. Although most regional special district legislation has been passed with the intention of creating only a single agency to remedy a specific problem, it is undesirable to have the books cluttered with a multiplicity of laws passed to achieve the same purpose in different areas. The provisions also should be broad enough to meet changing situations. Undoubtedly metropolitan conditions in general and the status of transit in particular will change considerably in the next few decades. It should not be necessary to have to amend the enabling act every time a major reform in the administration or operation of a transit authority is in order. Furthermore, the governing board should not be hampered by detailed regulations or by political controls. The members must be free to conduct the affairs of the enterprise on a business basis if they are to succeed in providing efficient, economical transit service.

On the other hand the public interest must be protected from the dangers implicit in too broad a grant of power. Such large expenditures of funds are involved and so many people are potentially affected that it is essential that certain safeguards be maintained. The grant of power should be precisely delimited to the purpose for which the authority was formed. It should be able to do everything necessary
to accomplish this objective but should be restrained from branching into other fields. Requiring the approval of the electorate for formation of an authority and for its incurring financial obligations backed by public credit are checks designed to protect the common interest. Provisions covering appointment and removal of members of the governing board should be drafted to guard against abuses of official prerogatives. Other safeguards, such as requiring periodic financial reports, should be inserted in the act where they are appropriate.

Each provision of the enabling legislation should be considered in the light of these criteria and an effort made to strike an optimum balance between the two.

**Formation**

To form a new public authority through enabling legislation, it is necessary to have some existing agency designated to initiate action itself or to receive petitions for action. In the absence of a body with metropolitan area-wide jurisdiction, it appears that the county board of supervisors is the most appropriate agency for this purpose. A municipal legislative body lacks power to hold hearings or to make decisions for other cities and unincorporated areas. Although it generally does not embrace the metropolitan region, the county comes closer than any other existing instrumentality to doing so, and action could be taken simultaneously or consecutively in several counties to join in the creation of a single district.

It appears advisable to empower a county board of supervisors by its own resolution to initiate action to form a metropolitan transit authority. In case the supervisors should fail to act in the face of a substantial sentiment in favor of the creation of such an agency, it
would be well to provide for popular initiative. A number of signatures equal to 15 per cent of the total vote cast at a specified prior general election usually is considered a reasonable minimum. Since in some counties chronic conflicts between urban and rural districts exist and since the supervisors represent the unincorporated areas, it would be realistic to give cities the right to petition for the formation of an authority.

The resolution of the board of supervisors or the popular or municipal petition necessarily would specify the area within the county proposed to be included in the transit district. Designating the cities to be embraced would present no problem. But in order to include the built-up portions of unincorporated areas, such territories should be appropriately subdivided into wards. The densely settled wards which reasonably would be served with transit could be embraced in the district and the others excluded until their population justified annexation. After appropriate notice, hearings should be held before the board of supervisors, and it should be authorized to exclude any unincorporated ward from the proposed district in order to insure against the inclusion of inappropriate territory. Inasmuch as they do not represent municipalities, the supervisors should not have power to exclude them. It is believed that inappropriate cities could be eliminated simply by making it clear in the original proposal that they would not receive transit service. With this knowledge it is unlikely that their residents would be willing to subject themselves to the taxation which would come with membership.

In order to protect the members of the public from having a transit authority imposed on them, the measure should be referred to
the electorate. The board of supervisors of each county within the proposed district should call an election. It is believed that requiring only a simple majority vote in the area at large for formation of an authority would be in accord with democratic principles. However, inasmuch as the cities have by far the greatest stake in transit and pay a proportionately large share of the cost of financing it, it probably would be a mistake to force any municipality to join an authority against the express will of a majority of its voters. Therefore it should be provided that any city in which the measure fails to carry should be excluded from the district.

**Area to be Included**

The precise area to be included in a metropolitan transit authority should not be specified in enabling legislation even if it is intended to meet the requirements of only a single region. The territorial extent of a particular district at a particular time should be determined only after a thorough study of all pertinent factors. Geographic features of the region such as topographic barriers and distances between population centers should be considered. Travel times between cities both under existing conditions and with the most modern type of transit equipment developed to date should be taken into account. The density of settlement in a particular area provides a reasonably reliable index to the passenger volume that it could be expected to generate. The direction and extent of the "swing" of the commuting population should be carefully surveyed. Not only present volumes of mass transit and private automobile traffic moving in and out of the central cities but also carefully prepared estimates of future trends should be considered. (Predicting the direction of population settle-
ment is complicated by the fact that it will depend to some extent on the location of new transit facilities.) Another important factor to be taken into account is the degree of economic integration of the metropolitan region. An active exchange of goods and services between the various localities increases the demand for transit service, but contrariwise the existence of a sound interurban transportation system itself creates such economic interdependence.

All of these factors are subject to change. Even topographic barriers can be by-passed and distances between cities shortened by progress in the technology of transportation. Under present conditions a San Francisco Bay Area transit district ideally would include the built-up portion of at least seven of the nine Bay Counties. The territory in immediate need of transit service includes San Francisco, the eastern portion of San Mateo County, the Santa Clara valley as far south as San Jose, the East Bay, the residential suburbs in the Walnut Creek area and the industrial cities on Suisun Bay in Contra Costa County, the Vallejo area in Solano County and the residential suburbs in Marin County. Within the next decade or two it might well be economically justifiable to extend the system north to Santa Rosa in Sonoma County, to Napa, to Fairfield in Solano County, east to Livermore in Alameda County, and further south in the Santa Clara valley. Future population estimates indicate that other areas around the Bay may attract sufficient population to require transit service. Under such conditions it appears inadvisable to specify any maximum area which may be covered by a metropolitan transit district.

The question then arises as to whether there should be any minimum territorial limitation for the formation of an authority. It has been
stated repeatedly in this study that nothing less than a comprehensive area-wide transit system will solve the problem of moving people within the Bay Region. It would be unrealistic to expect that the optimum form for the district will be achieved at the start. The history of special purpose utility districts indicates that an authority operating successfully in a densely populated area gradually can expand to outlying communities. However, in the case of transit, unless the original area is soundly conceived, it is doubtful whether the system will achieve sufficient success to attract additional members. It is believed that at the start a Bay Area transit authority should embrace at least San Francisco, the East Bay and the Peninsula. Marin County also probably should be included in this minimum, although it might not be economical to serve it with rail rapid transit at the start.

The fact that San Francisco's transportation situation has reached the point where it can only be remedied by investing heavily in subways and other types of grade-separated rights of way has resulted in some of the surrounding communities deciding that it would be economic folly to act jointly with San Francisco in reforming the Bay Area's transit system. Despite the differences in assessed valuations, they fear that they would be forced to bear an inequitable share of the cost of bailing San Francisco out of its present difficulties. Since the cities of the Peninsula and Marin County are chiefly dormitory suburbs, the fact that most of their residents are dependent on the central city for their livelihood might create a sufficient demand for improved transit to overcome this obstacle. However, in the case of the East Bay, the situation is further complicated by Oakland's relative economic independence and its traditional political antipathy toward
San Francisco.

To overcome Oakland's attitude and the resistance of the other key cities, it is suggested that the enabling legislation provide that any city or county may construct rights of way and other facilities and lease them to an authority. This procedure is being followed satisfactorily in Chicago. Whereas apparently the central city is bearing the entire burden of financing subways, actually it will gradually recoup part of its investment through rentals. Such a division of the cost is equitable inasmuch as commuters, shoppers, and other suburban residents make use of the subways when they are in the central city. An authority might be empowered to levy special assessments against areas benefited by particular projects, but cities probably would object to such a provision on the ground that it could subject them to substantial financial obligations without their having any choice in the matter.

If the legislation made it possible to place the responsibility for the construction of facilities which will benefit particular localities on these localities themselves, it is believed that the resistance to joint action can be overcome. To ensure the membership of both San Francisco and Oakland in the authority the act should provide that all cities over a certain size (say 300,000) within a specified area (say the range of the nine Bay Counties) must approve the proposal before a transit district can be incorporated. It is believed that requiring the inclusion of the two central cities will provide sufficient assurance of appropriate coverage. The other East Bay communities almost certainly would follow Oakland's lead.

Since a city or unincorporated area in which the formation of an authority is not approved by a majority vote is to be excluded, the
territory within the district will not necessarily be contiguous. Territorial integrity is not essential to the successful operation of metropolitan transit if the authority is granted the power to run its lines through intervening areas. The Chicago Transit Authority has this power subject to the limitation that it can provide local service only within political subdivisions which have joined the district. It is recommended that the California enabling act include a similar grant of authority. In order to facilitate land use planning in the intervening areas, it might be advisable to provide that proposed routes of the transit authority through such territory should be submitted to the local planning agencies for recommendations before final decisions on locations are made.

Government and Administration

The problem of representation on the governing board of an authority is a difficult one. As was pointed out in Chapter 4, to make a regional authority politically palatable it is necessary to give the local governmental subdivisions some share in the selection of the board. On the other hand, a set-up which will result in policy decisions being made on the basis of local interests should be avoided. Further complicating the situation is the fact that it would be inequitable not to take population into account in according representation. Finally, with the multiplicity of political subdivisions existing in the Bay Area and the other metropolitan areas of California, it is clear that a governing body which includes representatives of any such number of units is bound to be so unwieldy that the efficient transaction of business will be impossible. Authorities on public utility administration agree that a three or five member board is most workable, a seven member board is desirable in certain situations, and a nine member board represents the absolute maximum
consistent with efficiency. It is believed that the governmental organization outlined below will meet all of these apparently paradoxical requirements and that at the same time it will combine maximum administrative flexibility with adequate responsibility to the public will.

A transit council is to be appointed. This body will consist of one representative of each city and one representative of each unincorporated area within the district. It is believed that council members should be appointed rather than elected in order to keep the authority as far removed from politics as possible, and to avoid the meaningless rubber stamp implicit in the long ballot. City representatives are to be appointed by the mayor or other chief executive officer with the advice and consent of the municipal legislative body; county representatives are to be appointed by the board of supervisors. Each member will have a voting power proportionate to the population he represents. No locality is to have less than one vote, and no member shall be entitled to more than one-half the total number of votes.

It is suggested that the only qualification for membership on the transit council be residence in the area represented. There is no reason why local officials should not be eligible for membership. In fact, since the council is to serve as an advisory body representing the interests of the political subdivisions within the district as well as the public at large, it might prove extremely desirable to have local officials as members. Being intimately acquainted with the overall revenue needs of the localities they represent, they would be in a position to advise the

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governing board against making any decisions which would result in an un-
reasonable pyramiding of taxes within a particular area.

Since members of the council will have no duties except to attend
occasional meetings, they should not be compensated. To assure continuity
of policy, terms should be of reasonable length, say six years, and one-
third of the members should be appointed every two years. Reappointments
should be permitted. Provision should be made for the filling of
vacancies in the same manner in which appointments are made, and the
appointing authorities should be empowered to remove members of the council
for cause after a public hearing.

The transit council is to have two functions. It is to elect the
commissioners, and as mentioned above, it is to serve as an advisory
board meeting periodically to make recommendations to the commissioners on
any matter of concern to the transit authority.

All policy making functions of the authority are to be vested in
a commission. This body is to consist of seven members elected at
large by members of the transit council. Council members should be
eligible to be elected commissioners. In order to give the council un-
hampered authority to select the best qualified men to sit on the commission,
no restrictions should be prescribed in the enabling act other than that
candidates must have appropriate training and experience. Although
salaries are paid board members of the Chicago Transit Authority, the
Boston Metropolitan Transit Authority and the eminently successful London
Passenger Transit Board, it is believed that in this instance the most
desirable type of commissioner can be attracted to serve without any compen-
sation. An unsalaried office involving a considerable amount of work is
less likely to be used as a political reward. The experience of the
New York Port Authority, the Golden Gate Bridge and Highway District and the Metropolitan Water District of Southern California demonstrates that outstanding citizens, interested in public service and unconcerned with material gain, can be procured if the position is made an honorary one. Of course, a token sum such as $25 might well be paid for each meeting attended, and commissioners should receive allowances to cover travel and other expenses incurred in the discharge of their official duties.

Terms of the commissioners should be long enough to permit them to become thoroughly acquainted with their responsibilities and at the same time short enough to guard against the perpetuation of major policies contrary to the majority public will. Six years probably would be appropriate. Staggered terms are desirable for continuity. Vacancies should be filled in the same manner as appointments are made, and the council should be able to remove a commissioner for cause at any time after according him a public hearing.

To assure effective responsibility, authority to make all policy decisions should be vested in a single body. The commission is designed to fill this role. It should have ultimate power to decide all questions concerning capital improvements, routes, extension or curtailment of service, fares, bond issues (subject to approval by the electorate), tax levies, contracts, public agreements and related matters. It should have authority to make rules and regulations governing the conduct of the affairs of the district. Although the Illinois Metropolitan Transit Authority Act gives the Chicago Transit Board power to enforce its rules by fining or imprisoning violators, it is believed that an authority would be sufficiently protected by its right of resort to the courts. In order to reach sound decisions on such issues as routes,
fares and schedules, the commission should be authorized to hold hearings on matters within its official cognizance and to require the attendance of witnesses and the production of evidence.

The enabling act should provide for the employment of personnel. The commissioners should bear ultimate responsibility for the performance of this function, although they should be able to delegate the bulk of it. It is generally conceded that the best results can be attained by concentrating responsibility for executing the decisions of the policy making body in a single official. In the case of an authority, it is recommended that the administrative function be vested in a director of transit. The commissioners should have unlimited power to appoint the best qualified man obtainable; the act should not prescribe his qualifications, compensation or tenure. In general the duties of the director should include planning, construction and operation of facilities, personnel and management of the system. Because of the nature of their functions, it probably would be advisable to require that the secretary, general counsel, treasurer and auditor be appointed directly by the commissioners. Of course they could name other officers, department heads, or subordinate staff members as they saw fit, but in practice such matters probably would be delegated to the director of transit.

Because labor costs make up such a large proportion of the cost of providing transit service, it is essential to the success of the enterprise that a sound personnel system be established. Both the practices of private operating companies and the civil service rules of existing public transit systems fall far short of the ideal. The enabling act should provide that a transit authority is to have its own civil service system free from any outside control. Appointments should
be made solely on a merit basis and should be subject to the approval of the department head concerned. It is believed that the best qualified staff can be secured if officers, department heads and principal assistants are employed outside of the civil service system.

To protect the interests of employees of existing transit systems, it is customary to include a provision requiring that the employees of companies acquired shall be blanketeted-in and that they shall not be demoted or lose any accrued seniority, retirement, pension or other privileges. Such a provision is recommended here subject to the proviso that any position may be abolished by the commissioners at their discretion and any employee of the authority can be discharged for cause. The Municipal Utility District Act prescribes in detail the organization of an employees' retirement system, but it is believed that such matters are not properly within the scope of general enabling legislation. It probably would be easier to work out a sound plan after the organization of an authority. The Illinois Metropolitan Transit Authority Act contains a section covering labor relations. However, it would be inappropriate to freeze procedures for collective bargaining, arbitration and similar affairs by prescribing techniques for the settlement of disputes by legislative fiat.

Powers

In order to accomplish the objective of providing integrated, area-wide mass transportation, an authority should be empowered to provide both local and interurban transit facilities. The distinction between the two types of lines in many instances is as artificial as the political boundaries which subdivide a metropolitan region. A rationally organized transit system will carry passengers from one point to another.
without unnecessary transfers and layovers, regardless of whether they
are traveling from city to city or remain within the limits of the same
city. This kind of service depends upon the control of local lines, parti-
cularly within the central cities, as well as the control of interurban
routes.

Although a metropolitan transit authority would be dedicated
primarily to the transportation of passengers, it should be granted the
power to carry express and freight as well. One of the prime reasons why
transit lines operate at a loss is the fact that they carry capacity loads
only at peak hours. If train space otherwise unutilized were to be used
for the shipment of payloads of goods during off-peak periods, part of
the deficit might be erased.

An authority should be empowered to operate transit vehicles of
all kinds running on all types of rights of way. A system covering an
entire metropolitan area, particularly one with the topographical peculiar-
ities of the San Francisco Bay Region, will require a wide variety of
facilities. These may run underground, on elevated structures, in cuts,
over public streets, on surface rights of way, or over waterways. The
power granted should be comprehensive enough to include all these
possibilities. Since the type of vehicle best suited for a particular
use may change with technological progress, the act probably should not
specify any particular type or types. An authority should have the
right to acquire and construct necessary facilities and equipment of all
kinds including, but not limited to rights of way, rail lines, stations,
platforms, switches, yards, terminals and approaches.

In order to be able to acquire the necessary property, the agency
should be vested with the power of eminent domain. It also should be
authorized to contract, to sue and be sued, and to exercise all the pre-
rogatives of a private corporation.

The commissioners should be authorized to dispose of any of the
property of an authority by sale, lease or otherwise at any time. In this
connection it should be pointed out that although it probably would be
undesirable for an authority to lease all or a major part of its transit
system to a private contractor for operation, it might be advantageous to
lease particular parts of it under certain circumstances. Almost assuredly
there would be certain facilities, such as news stands, advertising space
and subway entrances to stores, hotels and other private property which
could be profitably leased to concessionaires. In special instances it
even might be desirable to let minor segments of the system, such as local
bus lines, to private companies for operation. Therefore, the legislation
should include a provision giving the commissioners the right to lease
property of the authority.

Although it would be able to acquire private property through the
exercise of the right of eminent domain, an authority would have no such
right with respect to public property. The commissioners should be author-
ized to enter into agreements with public agencies concerning rights of
way and any other property which might be necessary for the operation of
the system. This grant should include the power to lease property from
municipalities and other public corporations. As has been pointed out,
it might be necessary to have subways and other types of rights of way
and structures built by cities in which they are located and leased to
the authority primarily as a political expedient.

There may be instances in which the most efficient service and
maximum revenue could be realized through joint undertakings with other
carriers, either public or private. For example, both the London Passenger Transport Board and the Chicago Transit Authority have agreements with the main line railroads which make local stops within the metropolitan areas, providing for division of the receipts for such service according to specified formulas. This procedure is more economical than the authorities’ duplicating the services of the railroads. Similarly there may be cases in which the joint use of rights of way or equipment would result in substantial savings. The use of the transfer is the most common example of cooperative action of this type. The enabling legislation should specifically provide that the commissioners have the right to enter into agreements regarding the joint use of rights of way and equipment, joint fares, transfers, pooling arrangements and through routes.

An authority should be given the right to accept grants or loans from any source, public or private. It is possible that at some time in the future the federal or state government may decide that there is a good, if not better reason for making contributions to public transit systems than there is for subsidizing the construction of highways.

**Financing**

The high cost of building, maintaining and operating a comprehensive, modern rapid transit system makes necessary at least three sources of funds: loans, taxes and fares. Incurring bonded indebtedness is the standard method of financing public or private business enterprises of any magnitude. Ordinarily interest on bonds is paid and the principal amortized from operating profits. However, in the case of metropolitan transit, particularly in the early years, it would be unrealistic to expect revenues derived from fares and incidental sources to cover the annual cost of financing capital improvements and
operating and maintaining the system. It almost certainly would be necessary to subsidize the enterprise to some extent. If the power to tax were not granted, it would be necessary to set fares at levels which would cover annual costs. In all probability such rates would be so high that they would discourage patronage, and the vicious cycle which plagues existing privately owned carriers would be set in motion. It is believed that the system of financing recommended herein will provide adequate funds for the provision of desirable transit facilities and at the same time will minimize the public contribution required.

An authority should be empowered to borrow money by issuing general obligation bonds. Such bonds are backed not only by operating revenues but also by the power of the agency to levy ad valorem property taxes within specified limits. It is suggested that this method of borrowing be used primarily to finance the acquisition and construction of capital improvements. In case of need, general obligation bonds might be issued to pay for equipment or to meet operating or maintenance costs, but it is believed that these expenses can be covered adequately through other methods of borrowing. Following a decision of the commissioners to market tax-backed bonds to finance a particular project, the issue should be referred to the electorate and approved by a two-thirds vote. It is arguable that this requirement will make every major plan of the authority a political issue, but the referendum is essential if the bonds are to be readily marketable. Investment houses insist on such an expression of public approval before they will purchase general obligation bonds. In order that the electors may be fully informed as to what they

are voting on, the act should require that engineering studies be made and a comprehensive plan of the projected transit system formulated before any bond issues may be submitted for approval.

Once the period of major capital expansion has passed and the system becomes heavily patronized, it may be possible to borrow without pledging the public credit. Bonds payable only from revenues might be used only for minor financing at first, but if a transit authority were to prove an eminently successful venture they might become the major source of funds. In any case the commissioners should have the power to market revenue bonds so that they can exercise the prerogative whenever justified. Since such securities would not be payable from tax levies, issues should not be subject to referendum.

To prevent an authority from incurring unreasonably great financial obligations, a maximum limit should be placed on its bonded indebtedness. It is customary in legislation of this type to express such limitations in terms of the total assessed property valuation within the district. All of the California statutes discussed in Chapter 4 and the rapid transit district bills introduced in the 1949 session of the Legislature set this ceiling at 15 per cent. Since the current assessed valuation in the nine Bay counties totals approximately $2,700,000,000, a 15 per cent maximum would make approximately $400,000,000 available. It appears that this sum would be sufficient to meet all present and future requirements of a region-wide transit system. However, it should be noted that the total assessed valuation in the Bay Area has increased 44 per cent since 1940, and in order to allow for possible decreases it probably would be advisable to set the debt limit at 20 per cent. This would yield $300,000,000 at 1940 levels and over $500,000,000 at present levels.
The maximum term for bonds and the maximum interest rate also should be prescribed in the act. Chicago Transit Authority bonds must be payable within 40 years, and California Assembly Bills 147, 2023 and 2454 impose the same limitation. However, it is believed that the magnitude of the project, the long-term nature of the program, and the average useful life of the facilities to be constructed justify extending the maximum term to 50 years. The maximum interest rate should be the customary one for securities of this type - six per cent.

In order to be able to pay the cost of preliminary planning and engineering studies and to defray general administrative expenses before commencing operations, an authority should be given a reasonably circumscribed power to tax. It is recommended that the annual rate be limited to ten cents on each $100 of assessed valuation within the district. This maximum would make it possible to raise approximately $2,500,000 per year under current conditions. Prior to the first tax levy, the commissioners should be able to borrow on a short-term basis. It is recommended that they be authorized to issue non-negotiable notes to tide the agency over until tax receipts become available. If the total amount so borrowed were limited to five cents on each $100 assessed valuation of taxable property within the district, an amount well in excess of $1,000,000 would be available, and this sum should be adequate for the purpose.

The commissioners also should be empowered to finance the purchase of rolling stock and other vehicles through the issue of equipment trust certificates. It is standard practice to finance the acquisition of transit equipment by mortgaging it, and the trust certificate is the accepted instrument for this purpose.

The exercise of the taxing power should be carefully limited to
making up the difference between annual income and the amount required to service outstanding general obligation bonds. It should not be possible to apply tax funds to the payment of any other type of obligation. To avoid duplicating functions, taxes should be assessed and collected by county authorities. Although it would not be appropriate to prescribe it in the enabling act, a system should be worked out whereby assessed valuations in the various jurisdictions could be equalized. It should be specified that unpaid taxes are to become liens on the properties of delinquent owners.

The power to set fares should be vested exclusively in the authority. It would not be advisable to include any particular formula for rate making in the enabling act. The commissioners should be free to adjust fares in accordance with the conditions of the market for transit service. The precise level at which revenues can be maximized can best be determined by the exercise of sound business discretion. Any legislative formula is almost certain to prove unduly restrictive.

In the interest of flexible administration the enabling act should not prescribe the disposition of revenues. In the absence of any specific instructions, an authority would be obliged first to meet its current operating expenses and second to pay interest and amortization charges on outstanding bonded indebtedness to the extent of its ability. Whether a depreciation fund should be given priority over payments on revenue bonds is a debatable point. As was indicated in Chapter 3, one of the important reasons for the current financial plight of the transit industry is the fact that carriers failed to set aside sufficient depreciation reserves in the past and now have no means with which to finance the replacement of their obsolete equipment. On the other hand, it may

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be argued that revenue bonds would not be marketable if a sinking fund had to be brought up to a specified level each year before the bonds could be serviced. It is believed that it would be in accord with good business practice to leave the issue of the priority of the depreciation reserve and the amount which should be deposited in it annually, to the discretion of the commissioners. Since a public transit authority would not be under pressure to realize quick profits, it is unlikely that the setting-aside of replacement and modernization reserves would be neglected.

Miscellaneous Provisions

Being a public agency, an authority would not be subject to regulation by the State Public Utilities Commission. The fares, routes and schedules determined by the transit commissioners would not be subject to review. In its exercise of its jurisdiction over private carriers, the Public Utilities Commission has demonstrated that it is not equipped to make the detailed technical studies on which decisions on these matters should be based. Since it is responsible for the regulation of all types of utilities, it would be practically impossible for the Commission to retain a full-time staff of experienced transportation engineers and economists. Since such experts would be available in a well-manned transit organization, it is at this level that final responsibility for setting fares, establishing routes and extending and curtailing service should lie. However, under a constitutional provision the Public Utilities Commission would have the power to review these decisions with respect to any lines leased to private contractors for operation.


4. California Constitution Annotated, Article XII, Sections 22, 23.
The enabling legislation should provide that an authority may exercise its powers jointly with other public agencies. Such a provision would make it possible for a transit district to acquire and construct rights of way, turn-outs, stations and other facilities in connection with freeways built by state and local agencies. Also it would be possible for an authority to act in cooperation with the California Toll Bridge Authority or a bridge and highway district to provide transit lines on a crossing. Other instances in which it would be advisable for the district to exercise its powers jointly with other public agencies are almost certain to arise.

Since mass transit and private vehicular traffic are merely segments of the total problem of moving people within a metropolitan area, it would be desirable to coordinate the plans of a transit authority with those of other agencies concerned with transportation. This purpose could be partially accomplished by providing for the referral of plans to the appropriate regional and local planning commissions for their recommendations. It also might be advisable to submit transit plans to state and county highway agencies and to municipal street and traffic departments in certain instances. Such referrals probably should be left up to the discretion of the commissioners rather than being made mandatory. A legislative provision directing only that plans be referred to regional and local planning commissions concerned and to appropriate street, highway and traffic agencies probably would be adequate to achieve coordination without unduly binding the authority with red-tape.

Under the California Constitution property of a public authority cannot be subjected to taxation. Being an instrumentality of the state,

5. California Constitution Annotated, Article XIII, Section 1.
its income also would be exempt from federal taxation. Exemption from tax levies would result in substantial annual savings to an authority, and the advantage could be transferred to the public in the form of better service and lower fares. If income derived from its bonds were tax-free, an authority would be able to borrow at lower interest rates. Such income is exempt from federal taxation under the current state of the law. The enabling act should provide that bonds of an authority shall not be taxed within the state, in order to guarantee that the income derived therefrom will be exempt from state and local levies.

To insure the financial accountability of an authority, it should be required to submit an annual financial report to the governor, to the mayor and legislative body of each city within the district and to the board of supervisors of each county within or partially within the district. It would be possible to provide for independent audits of the books by state or local officials as an additional check on the commissioners, but it is believed that such policing would prove superfluous. The periodic reports to public officials should be sufficient to assure the financial integrity of the agency.

One of the principal problems that almost assuredly will plague an authority will be the unreasonably high valuations which existing private transit companies will place on their properties. If it is unable to reach satisfactory agreements through negotiation, an authority will have to resort to condemnation proceedings. Juries are notoriously unreliable in such cases and often award defendants verdicts far in excess of the fair valuation of their holdings. To avoid such a

situation's arising when a transit district seeks to acquire a private system, the act should provide that if an agreement cannot be reached by negotiation the question of valuation should be referred to the State Public Utilities Commission for decision. The California Constitution gives the Commission authority to fix the compensation to be paid for the taking of property by a public utility in eminent domain proceedings by the State, a county, a city, or a municipal water district or other public corporation or district. It has been held that under the Public Utilities Act this power does not extend to a condemnation suit by a municipal utility district. However, it is believed that under the constitutional provision, legislation empowering the Public Utilities Commission to set valuations in cases of this type would be valid and enforceable.

To protect a system against wasteful competition, an authority's franchises should be exclusive, except where they conflict with existing franchises. This objective can be accomplished by providing that in the absence of an existing franchise or upon the acquisition of the properties of existing franchise holders, an authority shall have the exclusive right to furnish transit services in the particular locality.

The act should cover the annexation of additional territory. Logically the procedure should follow as closely as practical that prescribed for the original formation of the district. It should be provided that action to initiate annexation proceedings may be taken by resolution of the legislative body of the territory proposed to be

7. California Constitution Annotated, Article XII, Section 23a.

annexed or by a petition signed by 15 per cent of the electors voting in a specified prior general election. The resolution or petition should be submitted to the commissioners of the transit authority. Because they probably will be in a position to judge best when the system should be extended into new areas, the commissioners themselves should have the power to initiate annexation proceedings. The transit council also would be authorized to present resolutions to this effect to the commission.

The commissioners should then be required to hold public hearings on the proposal. They should have authority to approve or disapprove the annexation. If they approve it, the proposition should be submitted to the electors of the area proposed to be annexed, and a majority vote therein should be required for annexation. If the territory includes more than one city, it should be provided that any city in which the measure fails to win a majority vote is to be excluded. This procedure would be consistent with that prescribed for formation of the district in protecting the rights of individual cities to decide whether they will join or not. Any territory annexed should be required to assume its proportionate share of the pre-existing financial obligations of the authority.

It is necessary to provide for dissolution of an authority in order that a skeleton organization without any functions may not continue to exist indefinitely. The act should prescribe that after a specified reasonable time has elapsed, during which no bond issues shall have been approved by the electorate, the commissioners must submit to the voters a proposition that the authority be dissolved. Adequate time should be allowed to employ a competent technical staff, to make detailed plans and engineering studies, to educate the public as to the need for rapid transit, and to submit proposals for incurring bonded indebtedness to the
voters not only once but a reasonable number of times before the authority can be dissolved. It is believed that a 10 year period would prove sufficient to accomplish these purposes. A majority vote in the district at large should be required for the dissolution of a transit authority.
CHAPTER 6

A PROPOSED ENABLING ACT FOR THE ESTABLISHMENT
OF METROPOLITAN TRANSIT AUTHORITIES

An act to provide for the incorporation and government of metropolitan transit authorities; prescribing the powers thereof; providing for the performance of certain functions relating thereto by public officers; providing for the calling of an election for the purpose of incurring bonded indebtedness and providing for the levy of a tax for the payment of said bonded indebtedness; and relating to transportation in metropolitan areas.

The people of the State of California do enact as follows:

Section 1. The short title of this act shall be "Metropolitan Transit Authority Act," and the act may be cited or amended by such short title.

Section 2. Definitions. (1) The term "district", whenever used in this act, shall refer to the territory subject to the jurisdiction of the authority. (2) The term "city", whenever used in this act, shall refer to a city and a city and county. (3) The terms "transit facilities" and "rapid transit facilities" as used herein shall refer to all real and personal property and equipment used for the purpose of providing rail, monorail, trolley coach, motor coach or any other type of transit service.

Section 3. Metropolitan transit authorities may be created as herein provided and when so created may exercise the powers herein granted. The district subject to the jurisdiction of any such authority may lie within the boundaries of one or more counties; may include both incorporated
and unincorporated areas, therein; and must include at least two cities.

Section 4. The board of supervisors of any county or city and county desiring to form or join in forming a metropolitan transit authority shall adopt a resolution of its intention to do so. The legislative body of any city desiring to form or join in forming a metropolitan transit authority shall adopt a resolution of its intention to do so and submit said resolution to the board of supervisors of the county within which the city is located. A resolution of either a board of supervisors or a legislative body of a city shall contain the following: (1) a statement of the intention to form an authority; (2) the boundaries of the proposed district or some other designation of its territorial extent; (3) the name of the proposed authority; (4) the time and place when and where objections to the formation of the authority or to the extent of the district will be heard, which time shall not be less than thirty (30) days after the adoption of the resolution; (5) the name of the newspaper or newspapers in which the resolution shall be published. It shall be published at least once in some newspaper published in the county or city and county, and the board may order it published in more than one such newspaper. The first publication shall be at least twenty (20) days prior to the date of hearing. After publication of said resolution of intention, it shall be the duty of each county board of supervisors to notify the legislative body of each city within the boundaries of the respective counties, of the time and place when and where objections to, or arguments favoring, the formation of the authority or to its extent will be heard, and it shall be the duty of the chairman of the legislative body of each city to designate at least one of its members to appear before said board of supervisors to explain the viewpoint of said legislative
body. Said notice shall be sent by registered mail and shall be mailed not less than ten (10) days prior to the date of the hearing.

Section 5. Written objections to the formation of the proposed authority or to its extent within the county or city and county may be filed in the office of the clerk of any board of supervisors within the proposed district at any time prior to the hour fixed for the hearing. At the time fixed for the hearing or at any time to which said hearing is continued the board or boards of supervisors within said district shall hear said objections or protests. Said hearing may be continued from time to time by order of the board or boards of supervisors entered on the minutes.

Section 6. The board or boards of supervisors within said proposed district may exclude any unincorporated territory within its or their respective county or counties that in its or their opinion will not be benefited by inclusion within the proposed authority. If the board or boards of supervisors determines that the authority should be formed, it or they shall by resolution entered on the minutes (1) divide the unincorporated territory within the county or counties into wards on the basis of contiguous sections to be included in and excluded from the district and define and describe the boundaries thereof; (2) define and describe the boundaries of the district at large or otherwise designate its territorial extent; (3) state the name of the proposed district; (4) call an election to be held in the county or city and county or portion thereof within the proposed district for the purpose of determining whether or not the district shall be formed; (5) fix the date of the election and the hours the polls will be open; (6) establish election precincts and designate polling places for the election; and (7) appoint the election officers.
Such resolution shall be published by two insertions in at least one newspaper or newspapers published in each county or city and county in the proposed district, and the first publication shall be at least thirty (30) days prior to the date of the election. It may be published in more than one such paper by order of the board or boards of supervisors. In all particulars not provided for in this act said election shall be held and conducted as provided by law for the holding of special elections in each said county or city and county.

Section 7. A petition proposing the formation of a transit authority, including not less than two cities in one or more counties and in addition unincorporated territory in one or more counties, may be filed with the board of supervisors of the county containing the largest population, as shown by the last United States Census of Population, within the proposed district. Said petition shall (1) divide the unincorporated territory within each county included in the district into wards on the basis of contiguous sections to be included in and excluded from the district and define and describe the boundaries thereof; (2) define and describe the boundaries of the district at large or otherwise designate its territorial extent; (3) state the name of the proposed district. Said petition shall be signed by voters within the proposed district equal in number to at least fifteen (15) per cent of the total vote cast therein at the last preceding gubernatorial election. Upon receipt of said petition, said board of supervisors shall by resolution entered on the minutes (1) call an election within the proposed district for the purpose of determining whether or not the district shall be formed; (2) fix the date of the election and the hours the polls will be open; (3) establish election precincts and designate polling places for the election; and (4) appoint
the election officers. Such resolution shall be published by two insertions in at least one newspaper or newspapers published in each county or city and county in the proposed district, and the first publication shall be at least thirty (30) days prior to the date of the election. It may be published in more than one such paper by order of the board or boards of supervisors. In all particulars not provided for in this act said election shall be held and conducted as provided by law for the holding of special elections in each said county or city and county.

**Section 8.** The canvass of returns of an election or elections called by a board or boards of supervisors shall be made at the same time and in the same manner and by the same officers as provided by law for special elections in each county or city and county in which the proposed district lies. The canvass of votes shall be made separately in each individual county within the district. If the canvass is made by an officer other than the board of supervisors such officer shall transmit the results to the board of supervisors. If an election is held in one county only, the board of supervisors thereof shall thereupon declare the result of said election. If elections are held in more than one county, the boards of supervisors thereof shall transmit the results to the board of supervisors of the county containing the largest population as shown by the last United States Census of Population. Said board of supervisors shall thereupon declare the results of said elections. If a majority of the votes cast at said election or elections within the proposed district at large and a majority of the votes cast in each city of over 300,000 population within the proposed district are in favor of formation of the authority, the board of supervisors declaring the results shall by resolution entered on its minutes declare the authority duly organized under this act; provided, however, that any city or unincorporated ward
in which the majority of the votes are cast against the formation of the authority shall be excluded from the district. A certified copy of said resolution shall be filed in the office of the county recorder of each county or city and county in which the district is situated. A certified copy of such resolution shall also be filed with the Secretary of State. Upon the filing of said certified copy with the Secretary of State the authority shall be formed. No informality in any proceeding or in the conduct of any election, not substantially affecting adversely the legal rights of any citizen, shall be held to invalidate the information of an authority. Any proceedings wherein the validity of such formation is denied shall be filed within ninety (90) days from the date of filing the resolution declaring the authority formed with the Secretary of State; otherwise such formation and the legal existence of the authority shall be held to be valid and in every respect legal and incontestable.

Section 9. After formation of the authority is completed, a transit council shall be appointed. The transit council shall consist of at least one representative from each city which lies within the district and one representative from the unincorporated territory within each county which lies in whole or in part within the district. Any representative of a city shall be appointed by the Mayor thereof, or in a city which does not have a mayor, by the chairman of the legislative body thereof; in either case with the advice and consent of the legislative body of such city. Any representative of unincorporated territory within a county shall be appointed by the board of supervisors thereof. As a member of the transit council, each representative shall be entitled to vote on all matters coming before the council and shall be entitled to cast one vote for
each ten thousand (10,000) population or major fractional part thereof
in the city or unincorporated territory represented by him as shown by
the last United States Census of Population; provided that each representa-
tive shall have at least one vote and neither the representative of
any city nor of any unincorporated territory within a county shall have
more than one-half the total number of votes in the authority. The af-
firmative votes of members representing more than fifty (50) percent of
the total number of votes of all members shall be necessary and, except
as otherwise herein provided, shall be sufficient to carry any order or
resolution coming before the transit council. A majority of the transit
council shall constitute a quorum.

There shall be no eligibility requirement for appointment to the
transit council save and except that the person designated shall be a
registered voter in the city or county from which he is appointed.

Members of the transit council shall be appointed for a term of
six (6) years, and until their respective successors shall be duly ap-
pointed and qualified; provided that the members of the first transit
council shall by lot classify themselves so that one-third (1/3) of the
members shall hold office for two (2) years, one-third (1/3) of the
members shall hold office for four (4) years and one-third (1/3) shall
hold office for six (6) years, at the end of which terms their successors
shall be appointed. Any vacancy on said transit council shall be filled
by appointment in the same manner as hereinbefore provided. Members of
the transit council shall be eligible for reappointment. Any member of
the transit council may be removed for cause at any time in the same man-
ner in which he was appointed; provided that he first shall be accorded
a full public hearing before the legislative body of the city or the
board of supervisors of the county from which he was appointed.
Each member shall be paid the sum of twenty dollars ($20) for each meeting attended, but not to exceed one hundred dollars ($100) in any calendar month, and shall be allowed such necessary traveling and personal expenses incurred in the performance of his duties, as authorized by the commission hereinafter provided for.

Members of the first transit council shall be appointed within forty (40) days after the date of the formation of the district, and the first meeting of said transit council shall be held on the first Wednesday of the month following the appointment of the members thereto, in the city hall of the city with the largest population within the district.

Section 10. Within ninety (90) days of its first meeting the transit council shall elect by preferential ballot a commission consisting of seven (7) members. After the election of the commission the transit council shall meet at least once each quarter to consider matters within the jurisdiction of or pertaining to the authority; shall make recommendations on such matters; shall cause said recommendations to be entered on its minutes in the form of resolutions; and shall forward said resolutions to the commission.

Commissioners shall be qualified by training and experience to conduct the operation of rapid transit facilities. Members of the transit council shall be eligible to be elected commissioners if otherwise qualified.

The affirmative votes of four (4) commissioners shall be necessary and, except as otherwise herein provided, shall be sufficient to carry any motion or resolution coming before the commission. Five (5) members of the commission shall constitute a quorum.

Commissioners shall be appointed for a term of six (6) years,
and until their respective successors shall be duly appointed and qualified; provided that the members of the first commission shall by lot classify themselves so that two (2) of the commissioners shall hold office for two (2) years, two (2) of the commissioners shall hold office for four (4) years, and three (3) of the commissioners shall hold office for six (6) years, at the end of which terms their successors shall be appointed. Any vacancy on the commission shall be filled by election in the same manner as hereinbefore provided. Commissioners shall be eligible for reappointment. Any commissioner may be removed for cause at any time by three-fourths (3/4) vote of the transit council; provided that he first shall be accorded a full public hearing before said transit council.

The commission shall hold regular meetings not less than once each month and may hold such additional meetings as it may see fit. The time and place for the holding of its meetings shall be fixed by the commission. Each commissioner shall be paid the sum of twenty-five dollars ($25) for each meeting attended, but not to exceed two-hundred dollars ($200) in one calendar month, and shall be allowed such traveling and personal expenses as are incurred in the performance of his duties.

The commissioners shall elect by majority vote a chairman and a vice-chairman, each of whom shall be a member of the commission. The commissioners shall appoint a secretary, a general counsel, a treasurer, an auditor, a director of transit and such other officers as it may see fit, none of whom shall be a member of the commission. The director of transit shall be responsible to the commissioners for the management of the transit facilities of the authority.

No commissioner or officer of the authority is to have any interest, direct or indirect, in any contract or agreement entered into by the authority.

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Section 11. Any authority incorporated hereunder shall have power:

(1) To provide local and interurban transit facilities for the transportation of passengers within the district and also for the transportation of mail, express and freight therein; and to operate such facilities;

(2) To acquire and construct rights of way, rail lines, stations, platforms, switches, yards, terminals, and any and all other facilities necessary or convenient for transit within the district, underground, upon or above the ground and under, upon or over public streets or other public ways or water-ways, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, and to acquire any interest in or rights to the joint use of any or all of the foregoing;

(3) To sue and be sued in all actions and proceedings and in all courts and tribunals of competent jurisdiction;

(4) To enter into and execute contracts, agreements and undertakings necessary or proper to accomplish the purpose of this act;

(5) To take by grant, purchase, bequest, devise or lease and to hold, enjoy, lease, sell or otherwise dispose of any and all real or personal property of any kind within or without the district necessary or convenient to the full exercise of its powers;

(6) To have and exercise the power of eminent domain, within or without the district, including the power to acquire real property in fee simple or any lesser estate or interest, for rights of way or other uses of the authority, and to acquire by eminent domain or otherwise, transit facilities, stations, terminal facilities and other property or any
interest therein necessary for purposes of the authority, whether or not devoted to public use; provided, however, that this provision shall not apply to property owned by or under the control of any governmental body and used for public purposes;

(7) To construct and maintain transit facilities in, under, upon, over, across or along any public street, highway or water-way under agreement with the United States of America or the State of California or the governing body of the city and county which has jurisdiction over such street, highway or water way, and in, under, upon or over any vacant public lands which are now or may become the property of the United States of America or the State of California by agreement with the United States of America or the State;

(8) To enter into agreements for the joint use of any property and rights by the authority and any public utility operating transit facilities; to enter into agreements with any public utility operating any transportation facilities either within or without the district for the joint use of any property of the authority and said public utility or the establishment of through routes, joint fares, transfers or pooling arrangements;

(9) To exercise its powers jointly with any and all municipal or public corporations within the State or any other state, or with any and all agencies of the State or any other state or the United States of America.

(10) To fix rates and fares over the facilities owned by the authority;

(11) To borrow money, incur bonded indebtedness therefor, and levy taxes for the payment of principal and of interest thereon, in the manner provided in this act, but no such bonded debt shall exceed twenty
(20) percent of the assessed valuation of taxable property within the district; to borrow money and issue nonnegotiable notes therefor, as provided in this Section 9, subsection (12); to borrow money and issue equipment trust certificates, short term negotiable notes or revenue bonds therefor payable only from revenues. Except as in this subsection provided, and except for equipment trust certificates, short term notes or revenue bonds, no authority shall incur any indebtedness or liability in any fiscal year not payable from the income and revenues provided for such fiscal year;

(12) To levy and collect or cause to be levied and collected taxes for the general administrative and preliminary engineering expenses of the authority; provided, however, that the tax rate for such purposes in any fiscal year shall not exceed ten cents (3.10) on each one hundred dollars ($100) of assessed valuation of taxable property in the district;

(13) To borrow, for the purpose of defraying general administrative and preliminary engineering expenses of the authority prior to the time moneys to be raised by the first tax levy for the authority will be available, a sum which with interest thereon to maturity shall not exceed five cents ($.05) on each one hundred dollars ($100) assessed valuation of taxable property in the district at the time the moneys are borrowed, and to evidence such borrowing by nonnegotiable notes bearing interest at a rate to be fixed by the commission. Said notes shall be signed by the chairman of the commission and countersigned by the secretary of the authority. Said notes shall be payable from the first tax levy made by the authority, and said tax levy shall contain a sum sufficient to provide for the payment of said notes and
the interest thereon;

(14) To accept gifts, grants, subventions or loans from any agency, public or private;

(15) To deposit any moneys of the authority in accordance with the provisions of the general laws of the State of California governing the deposit of public moneys of counties, in such bank or banks in the State of California as may be authorized to receive deposits of public funds, in the same manner and upon the same security as public moneys of counties are deposited in such banks and with like force and effect, and to invest any moneys in any sinking fund or reserve fund, or any surplus in the treasury of the authority not required for the immediate necessities thereof, in accordance with the general laws of the State of California relating to investments of county funds; and

(16) To do any and all things necessary to carry out the purposes of this act.

Section 12. The commission may exercise any or all of the powers granted to the authority, and in addition shall have power:

(1) To adopt a seal for the authority;

(2) To fix the location of the principal place of business of the authority and the location of offices and departments thereof;

(3) To make and adopt regulations, orders and resolutions necessary for the government and administration of the business and affairs of the authority, for the execution of the powers vested in the authority, and for the carrying into effect of the provisions of this act;

(4) To establish or change the powers and duties and compensation of all officers appointed by it;
(5) To employ engineers and other experts for the purpose of developing a comprehensive transit plan for the authority;

(6) To delegate and redelegate to officers of the authority power to employ department heads and principal assistants; and to set up a civil service system under which personnel, other than officers, department heads and principal assistants, shall be appointed exclusively on a merit basis and subject to the approval of the department head concerned; provided that upon the acquisition of properties of any public utility, the commission at its discretion may order the appointment of any or all employees of said public utility and the seniority, retirement, health, welfare and other accrued rights of any of said employees so appointed shall be preserved;

(7) To prescribe methods for the preparation of plans and for the letting of contracts for the preparation of plans required for the carrying out of any of the purposes of this act;

(8) To determine what transit facilities should be acquired or constructed by the authority;

(9) To submit to a vote of the qualified electors of the district a proposition or propositions for the incurring of bonded indebtedness for the purpose of acquisition and construction of transit facilities;

(10) To prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures or equipment, or the performance or furnishing of labor, materials, or supplies, required for the carrying out of any of the purposes of this act;
(11) To lease any or all property and facilities of the authority or to make contracts for the use thereof upon such terms and conditions as it may deem proper and in the public interest;

(12) To make investigations of any and all matters within the jurisdiction of or pertaining to the authority; in the conduct of such investigations to subpoena witnesses and to require the production of evidence; and to apply to any superior court within the state for an order to compel the attendance of a witness or witnesses and the production of evidence; and

(13) To prescribe the procedure for the presentation and payment of claims against the authority. No claims other than claims based on written contract shall be allowed or paid unless filed with the authority within six (6) months after the claim first arose or accrued. The commission may allow or reject any claim, in whole or in part. No action may be maintained on any claim rejected by the commission, in whole or in part, unless brought within six (6) months after the date of such rejection. Failure to act on any claim or demand within ninety (90) days from the date the same is filed may be deemed by claimant a rejection thereof.

Section 13. The commission shall refer all plans of routes, rights of way, terminals, stations, yards and related facilities and improvements to the regional, city and county planning commissions within whose jurisdiction said routes, rights of way, terminals, stations, yards or related facilities and improvements lie, and to such state, city, county and district street, highway and traffic departments or agencies as may be appropriate, for recommendations. Upon receipt of such recommendations, the commission shall consider the recommendation of each planning
commission and street, highway and traffic department or agency individually and shall approve or disapprove each such recommendation by resolution entered on the minutes. If any such recommendation is not forwarded to the commission within ninety (90) days of the date of referral, said plans shall be deemed to be approved by such planning commission or street, highway or traffic department or agency as fails to submit such recommendation.

Section 11. The authority shall have the exclusive right to furnish transit services within any city or unincorporated ward within the district in the absence of a preexisting franchise or upon the acquisition of the franchise or franchises of all holders of franchises within said city or unincorporated ward.

Section 15. The commission shall submit within sixty (60) days after the beginning of each fiscal year to the Governor of the State, the mayors and legislative bodies of cities within the district and the boards of supervisors of counties within or partially within the district, a financial report showing the result of operations during the preceding fiscal year and the financial status of the authority on the final day thereof.

Section 16. The Public Utilities Commission of the State shall have and exercise power and jurisdiction to fix just compensation to be paid for the taking of any property of a public utility in eminent domain proceedings brought by the authority. The authority may commence and maintain such eminent domain proceedings in the Public Utilities Commission or the Superior Court at its option.

Section 17. The Superior Court shall have jurisdiction to issue subpoenas to witnesses and for the production of evidence upon application
of the commission and to punish disobedience as a contempt of such Court.

Section 18. Before incurring any bonded indebtedness, the commission shall employ competent engineers for the purpose of developing a comprehensive transit plan for the authority. Such engineers shall make a report to the commission which shall include (1) a description of the transit facilities to be acquired and/or constructed by the authority, (2) the estimated total cost of constructing or acquiring, or both, such transit facilities (3) the period of construction of such facilities (h) an estimate of the revenues which may be expected to be derived therefrom, and (5) the amount of bonds which will be required to pay the estimated total cost and to pay interest on the bonds during the estimated period of construction, and for six months thereafter. Such report shall be filed with the secretary of the authority before any bond issue is submitted to vote.

Section 19. After such report has been filed, if the commission determines that it is necessary for the authority to incur a bonded indebtedness for the acquisition and construction of the transit lines and facilities generally described or set forth in said report and the acquisition of such rolling stock, equipment and other property as may be necessary for purposes of operation and the providing of operating funds, it shall so declare by resolution adopted by a vote of five (5) of the members thereof. The resolution shall contain (1) a statement of the proposition to be submitted to the electors, including the purpose for which the proposed debt is to be incurred; (2) the amount of debt to be incurred; (3) the maximum term, which shall not exceed fifty (50) years, that the bonds proposed to be issued shall run before maturity; (h) the maximum rate of interest to be paid which shall not exceed six (6) per cent
per annum; (5) a statement that interest, to be paid upon such bonds
during the period of construction of the works of the district and be-
fore any revenue is obtained therefrom, shall be a capital charge, and
shall be payable out of the principal sum realized from the sale of the
bonds.

Section 20. The commission shall fix a date upon which a special elec-
tion shall be held for the purpose of authorizing the bonded indebtedness
to be incurred and shall provide for holding the election on the date so
fixed; provided, however, the commission shall have no power, within six
months after an election at which a proposition submitted to the quali-
fied voters of the district failed to receive the requisite number of
votes as provided in Section 24 hereof, to call or order another election
for incurring any indebtedness for purposes substantially the same as
voted upon at such prior election. Any election submitting the proposi-
tion of incurring indebtedness and the issuance of bonds called pursuant
to the provisions of this act may be held separately, or may be consoli-
dated with any other election authorized by law at which the qualified
voters of any county, city and county or city are entitled to vote; pro-
vided, however, that in the event any such election called pursuant to
the provisions of this act is consolidated with any other election, the
provisions of this act setting forth the procedure for the calling and
holding of the election called pursuant to the provisions of this act,
shall be complied with, except that the resolution calling such election
need not set forth the election precincts, polling places and officers
of election, but may provide that the precincts, polling places and of-
ficers of election shall be the same as those set forth in the ordinance,
order, resolution or notice or other proceedings calling or providing for or listing or designating the precincts, polling places and election officers for the election with which the election called pursuant to the provisions of this act is consolidated, and shall refer to such ordinance, order, resolution or notice or other proceeding by number and title, or date of adoption, or by date or proposed date of publication and the name of the newspaper in which publication has been or will be made or by any definite description.

Section 21. The commission shall give notice of the holding of the election. The notice shall (1) refer to the resolution adopted by the commission calling the election; (2) specify the precincts or consolidated precincts in each county or portion of a county which are adopted for the purposes of the election; designate the location of the polling places; and the names of the officers selected to conduct the election, who shall consist of one inspector and two judges in each precinct; or refer to the ordinance, order, resolution or notice or other proceedings calling or providing for or listing or designating the precincts, polling places and election officers for the election with which the election called pursuant to the provisions of this act is consolidated. The notice shall be published for two weeks in at least one newspaper of general circulation and not more than three newspapers designated by the commission, which are printed and published in each county or city or portion of a county within the district. The notice as published in each county shall contain only the reference to the precincts, polling places and election officers in the county or portion of the county in which it is published. If there is no newspaper published in any county the notice shall be posted in three public places in that county.

Section 22. All the expenses of holding the election shall be borne by
the authority, except, when the election is consolidated with another election pursuant to Sections 10,050 - 10,058 of the Elections Code of the State of California, in which case the expense borne by the authority shall be that agreed upon by the commission and the other governing body or bodies calling the elections.

Section 23. The returns of the election shall be made and the votes canvassed by the commission within thirty (30) days after the holding of the election, and the results thereof designated and declared in accordance with the general election laws of the State in so far as they may be applicable, and except as otherwise provided in this act. In the event that the election is consolidated with any other election, the returns of the election, the method of canvassing, and the results thereof shall be designated and declared in accordance with Sections 10,050 - 10,058 of the Elections Code of the State of California.

As soon as the result of said election is declared the secretary shall enter a statement of the result on the minutes of the commission.

Section 24. If two-thirds or more of the votes cast at the election are in favor of incurring the indebtedness, the commission may by resolution at any time it deems proper, provide for the form and execution of the bonds, and for the issuance of any part thereof, and may sell or dispose of the bonds so issued at such times or in such manner for cash in lawful money of the United States as it may deem to be to the public interest.

Section 25. If after any bond has been duly signed by any properly authorized officer of the authority and that officer ceases to hold office, the bond may nevertheless be delivered with the same effect as if it had been signed by the person holding the office at the time of delivery.
Section 26. Bonds of the authority may be registerable as to principal alone, or as to both principal and interest, under such terms and conditions as may be fixed by the commission prior to the issuance thereof.

Section 27. All bonds and revenue bonds issued by the authority shall be legal investments for savings banks, and shall have the same force and effect and be entitled to the same privileges as bonds issued by any municipality; and all bonds issued under any of the provisions of this act and the interest thereon shall, at all times, be exempt from taxation within this State.

Section 28. During July of each year the commission shall determine the amount of money required by the authority which must be raised by taxation, and shall fix a rate of taxation which will raise that amount. If the purpose of the taxation is to supply funds for general administrative and preliminary engineering expenses of the authority prior to the time when the facilities of the authority are earning revenue, the tax rate shall not exceed ten cents ($0.10) on each one hundred dollars ($100) of assessed valuation.

Section 29. All running expenses of the authority incurred prior to the time when the facilities of the authority are earning revenue may be paid from the proceeds of any bonds issued by the authority.

Section 30. Not less than thirty (30) days prior to the time that the boards of supervisors of the counties or cities and countis having any portion of their territory within the boundaries of the district are required by law to fix their tax rates, the commission shall certify to the board of supervisors of each of the said counties the rate of taxation fixed for the purposes of the authority and at the time and in the manner
required by law for the levying of taxes for county purposes, each shall levy and collect a tax for the purposes of the authority in addition to any other tax levied by such board of supervisors at the rate certified by the board. The commission, in all cases, shall certify to the board of supervisors of each of said counties a rate of taxation sufficient to pay the principal and interest becoming due on any bonds issued hereunder, and it shall be the duty of the board of supervisors to levy and collect taxes in an amount sufficient to pay the principal and interest on any bonds issued pursuant to this act.

Section 31. All county officers charged with the duty of collecting taxes shall collect taxes of the authority at the same time and in the same form and manner as county taxes are collected, and when collected pay the proceeds to the authority. The appropriate county officers shall pay the taxes collected for the authority to the secretary of the authority who shall deposit them in the depositary of the authority to the credit of the authority.

Section 32. Each county auditor and tax collector affected by the provisions of this act shall annually file with the board of supervisors of his county itemized statements showing the additional expense to his office caused by the performance of the duties imposed upon him or his office under the provisions of this act, and upon the filing of such statements the board of supervisors shall, by an order spread upon its minutes, deduct such expenses from the tax money of the authority, while in the hands of the tax collector, and transfer the amount deducted into the county salary fund; provided, that not more than one-half of one per centum on the amount collected shall be so charged or deducted by any county.

The board or boards of supervisors of such county or counties may provide
such extra help for their county offices or officers as in their judgment may be necessary for the proper performance of their duties hereunder.

Section 33. Taxes levied by the board of supervisors of a county for the benefit of the authority shall be a lien upon all property within such county lying within the district, and shall have the same force and effect as other liens for taxes. The collection of taxes of the authority may be enforced in the same manner as liens for county taxes are enforced.

Section 34. If during the month of July next preceding the expiration of the time estimated for the construction of the works it shall appear to the commission that the construction of the works may be delayed beyond the time so estimated, the commission shall estimate the period of such delay and cause a tax to be levied and collected in accordance with the provisions of this act which shall be sufficient to produce the amount required to pay one year's interest on the bonds or, if the estimated period of delay will be less than one year, the amount required to pay the interest which will accrue on the bonds during such estimated period of delay. The amount of any such tax shall be reduced to the extent that the authority has funds on hand and available for the purpose of paying such interest.

Section 35. The taxes required to be levied and collected under this act shall be in addition to all other taxes levied for county purposes, and all taxable property within the district shall be and remain liable to be taxed as provided in this act until the entire principal and interest of the bonded indebtedness of the authority has been paid in full.
Section 36. The authority shall have power to purchase rolling stock of all kinds, including buses, passenger cars, cars for transportation of mail, express and freight cars, and service cars, and may execute agreements, leases, and equipment trust certificates in the form customarily used in such cases appropriate to effect such purchase, and may dispose of such equipment trust certificates. All money required to be paid by the authority under the provisions of such agreements, leases, and equipment trust certificates shall be payable from the revenue or income to be derived from the operation of transit facilities of the authority. Payment for such equipment or rentals therefor may be made in installments, and the deferred installments may be evidenced by equipment trust certificates payable solely from such income and revenue, and title to such equipment shall not vest in the authority until the equipment trust certificates are paid. The agreement to purchase may direct the vendor to sell or assign the equipment to a bank or trust company duly authorized to transact business in the State of California, as trustee, for the benefit or security of the equipment trust certificates and may direct the trustee to deliver the equipment to one or more designated officers of the authority, and may authorize the trustee simultaneously therewith to execute and deliver a lease of the equipment to the authority. Such agreements, leases and equipment trust certificates shall be authorized by resolution of the commission and shall contain such covenants, conditions and provisions as may be deemed necessary or appropriate to insure the payment of the equipment trust certificates from the revenue or income to be derived from the transit facilities. An executed copy of each such agreement and lease shall be recorded in the office of the county recorder of each county or city and county in which the district lies, and such filing shall constitute notice to any
subsequent judgment creditor or any subsequent purchaser. Each vehicle
so purchased and leased shall have the name of the owner and lessor
plainly marked thereon, followed by the words "owner and lessor."

Section 37. The authority may borrow money for any of the purposes of
the authority upon short term notes or revenue bonds payable solely from
such revenues of the authority. Such short term notes or revenue bonds
shall be payable only from rates, charges or fares, funds received from
leases or concessions, and other revenue of the authority derived from
sources other than taxation or the issuance of bonds, and moneys from
such sources for the payment of such bonds shall be set aside monthly,
quarterly, semi-annually or annually, as provided in the resolution author-
ing the issuance thereof, prior to any other payments from said sources.
No taxes shall ever be levied to pay the principal of or the interest on
said notes or revenue bonds.

Section 38. The commission may by resolution adopted by a vote of five
(5) of the members thereof determine that it is necessary and proper for
the authority to borrow money and issue such short term notes or revenue
bonds, payable solely from revenues of the authority. The commission
shall determine the time, form, manner, terms and conditions of issuance
of such short term notes and revenue bonds; and such short term notes or
revenue bonds may be issued and sold from time to time as the commission
may determine, but for not less than par and accrued interest to date of
delivery.

Section 39. The commission may enter into indentures providing for the
aggregate principal amount, date or dates, maturities, interest rate,
denominations, form, registration, transfer and interchange of any bonds
and coupons issued pursuant to this act, and the terms and conditions
upon which the same shall be executed, issued, secured, sold, paid,
redeemed, funded and refunded. Reference on the face of the bonds to
such indenture by its date of adoption, or the apparent date on the face
thereof, is sufficient to incorporate all of the provisions thereof and
of this act into the body of the bonds and their appurtenant coupons.
Each taker and subsequent holder of the bonds or coupons, whether the
coupons are attached to or detached from the bonds, has recourse to all
of the provisions of the indenture and of this act, and is bound thereby.
An indenture pursuant to which bonds are issued may include such coven-
ants and agreements on the part of the authority as the commission deems
necessary or advisable for the better security of the bonds issued there-
under.

Section 40. The commission shall fix and determine the conditions upon
which any trustee shall receive, hold or disburse any or all revenues
collected for or on account of the authority. The commission shall pre-
scribe the duties and powers of such trustee with respect to the issuance,
authentication, sale and delivery of the bonds and the payment of princi-
pal and interest thereof, the redemption of the bonds, the registration
and discharge from registration of the bonds, and the management of any
sinking fund or other funds provided as security for the bonds.

Section 41. The commission may issue bonds in series or may divide any
issue into one or more divisions and fix different maturities or dates of
such bonds, different rates of interest, or prescribe different terms and
conditions for the bonds of the several series or divisions. It shall
not be necessary that all bonds of the same authorized issue be of the
same kind or character, have the same security, or be of the same interest.
rate, but the terms thereof shall in each case be provided for by the commission, at or prior to the issue thereof. The commission may provide for successive issues or may provide for one maximum issue.

Section 42. Bonds may be issued as coupon bonds or as registered bonds. The commission may provide for the interchange of coupon bonds for registered bonds and registered bonds for coupon bonds, and may provide that the bonds shall be registered as to principal only, or as to both principal and interest, or otherwise as the commission may determine.

Section 43. Bonds shall bear interest at a rate not to exceed six (6) per cent per annum, payable annually or semiannually or in part annually and in part semiannually. Prior to the issuance of bonds the commission may fix limitations or restrictions on the payment of interest.

Section 44. Bonds may be callable upon such terms, conditions, and upon such notice as the commission may determine, and upon the payment of the premium fixed by the commission in the proceedings for the issuance of the bonds. No bond is subject to call or redemption prior to its fixed maturity date unless the right to exercise such call is expressly stated on the face of the bond.

Section 45. The commission may provide for the payment of the principal and interest of bonds at any place within or without the State of California, and in specified coin or currency of the United States.

Section 46. The commission may provide for the execution and authentication of bonds by the manual, lithographed or printed facsimile signature of officers of the authority, and by additional authentication by a trustee or fiscal agent appointed by the commission. If any of the officers whose signatures or counter-signatures appear upon the bonds

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or coupons cease to be officers before the delivery of the bonds or coupons, their signatures or counter-signatures are nevertheless valid and of the same force and effect as if the officers had remained in office until the delivery of the bonds and coupons.

Section 47. Bonds shall bear dates prescribed by the commission. Bonds may be serial bonds or sinking fund bonds with such maturities as the commission may determine. No bond by its terms shall mature in more than fifty (50) years from its own date and in the event any authorized issue is divided into two or more series or divisions, the maximum maturity date herein authorized shall be calculated from the date on the face of each bond separately, irrespective of the fact that different dates may be prescribed for the bonds of each separate series or division of any authorized issue.

Section 48. The commission may fix terms and conditions for the sale or other disposition of any authorized issue of bonds. The commission may sell bonds at less than their par or face value but no bond may be sold at a price below the par or face value thereof which would result in a sale price yielding to the purchaser an average of more than six (6) per cent per annum, payable semiannually, according to standard tables of bond values.

Section 49. Interest on bonds may be paid out of the proceeds of the sale of the bonds during the actual construction of any facility for the acquisition, construction or completion of which the bonds have been issued, and for a period of not to exceed two (2) years thereafter as provided for in the indenture.
Section 50. The commission may provide in the proceedings for the issuance of bonds that the bonds and the interest thereon constitute such lien upon the revenues of any facility acquired, constructed, or completed from the proceeds thereof as may be provided for in the indenture.

Section 51. Pending the actual issuance or delivery of bonds, the commission may issue temporary or interim bonds, certificates or receipts of any denominations whatsoever, and with or without coupons, to be exchanged for definitive bonds when ready for delivery.

Section 52. The commission may provide for the issuance, sale or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued by the authority. All provisions of this act applicable to the issuance of bonds are applicable to the funding or refunding bonds and to the issuance, sale or exchange thereof.

Section 53. Funding or refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be funded or refunded thereby, and in addition for the payment of all expenses incident to the calling, retiring or paying of such outstanding bonds, and the issuance of such funding or refunding bonds. Said expenses include the difference in amount between the par value of the funding or refunding bonds and any amount less than par for which the funding or refunding bonds are sold; any amount necessary to be made available for the payment of interest upon such funding or refunding bonds from the date of sale thereof to the date of payment of the bonds to be funded or refunded, or to the date upon which the bonds to be funded or refunded will be paid pursuant to the call thereof or agreement with the holders thereof; and the premium, if any, necessary to be
paid in order to call or retire the outstanding bonds and the interest
accruing thereon to the date of the call or retirement.

Section 54. All bonds issued under the provisions of this act are ne-
gotiable instruments, except when registered in the name of a registered
owner.

Section 55. As soon as practicable after the authority commences opera-
tions and when the public interest shall require, the commission shall
establish a depreciation fund and annually shall deposit therein from the
revenues of the authority such sums as may be required to create a reason-
able reserve for replacement and modernization of capital improvements and
equipment of the authority. Said fund shall be used solely for replace-
ment and modernization of capital improvements and equipment of the author-
ity.

Section 56. Territory, whether incorporated or unincorporated, may be
annexed to a metropolitan transit authority. A petition signed by the
qualified electors of said territory equal in number to at least 15 per
cent of the total vote cast at the last preceding gubernatorial election
in the territory proposed to be annexed shall be presented to the commis-
sion of said authority. The petition shall describe the boundaries of the
territory proposed to be annexed and shall request that such territory be
annexed to the district. Each such petition shall be accompanied by a
bond in a form to be approved by the commission and filed with the secretary
as security for the payment by the petitioners of the reasonable costs of
the election on annexation in the event that at the election less than a
majority of the votes cast are in favor of annexation. If the petition is
signed by the requisite number of qualified signatures, the commission shall
fix a time and place for hearing thereon and shall give notice there-
of by two publications in a newspaper of general circulation within the
territory proposed to be annexed. At the time fixed for the hearing
the commission shall hear the petition and any protests or objections
made thereto. If the commission finds that it is in the best interests
of the authority and in the best interests of the territory proposed to
be annexed for such annexation to be made, it may, by resolution, order
an election to be held in the territory proposed to be annexed for the
purpose of submitting to the qualified voters thereof the question of the
annexation of such territory to said district. The resolution shall de-
scribe the boundaries of the territory proposed to be annexed, state the
date of election, designate voting precincts and polling places and ap-
point the officers of election. Such resolution shall be entered on the
minutes and shall be conclusive evidence of the due presentation of a
proper petition and of the fact that said petition was signed by the re-
quise number of qualified signers. Said resolution shall be published
twice in some newspaper of general circulation in the territory proposed
to be annexed, the first publication to be at least thirty (30) days prior
to the date of election.

If a majority of the votes cast in such territory are in favor of
annexation, the secretary of the authority shall make and cause to be
entered on the minutes a resolution approving the petition and declaring
said territory described therein annexed to, incorporated in, and made a
part of said district. A certified copy of such resolution shall be filed
in the office of the recorder of the county, city and county or counties
in which the territory lies, and a certified copy shall be filed with the
Secretary of State. The entry of said resolution upon the minutes is conclusive evidence of the fact and regularity of all prior proceedings of every kind required by law and of the facts stated in such resolution. The territory so annexed shall be subject to taxation for any of the purposes of the authority including outstanding indebtedness, upon the same basis as all other territory in the district.

Section 57. If within a period of ten (10) years from the date of formation of an authority, bonds for the acquisition or construction of transit facilities have not been voted by the electors thereof, the commission of such an authority shall call an election and submit to the qualified electors of the district the question of dissolving the authority. The election may be consolidated with any other election in the manner provided by law. If an election is required by law to be held throughout the district within one year after the end of said tenth year, then the commission may delay calling the election on dissolution for the purpose of consolidating the same with such election to be held throughout the district.

The election shall be called by resolution which shall state the time, place and purpose thereof, establish election precincts, designate polling places, and appoint election officers and, in all respects not provided in this section, said election shall be held and conducted in the same manner as other elections in the district. In the event said election shall be consolidated with any other election, the resolution calling the election hereunder need not describe the precincts, polling places, or appoint officers of election, but may refer to the ordinance, order, resolution or notice calling or providing for such other election,
or listing or designating the precincts, polling places and election officers therefor, for the precincts, polling places and officers of election for the election called hereunder. Said resolution shall be published twice in some newspaper of general circulation in the district and the first publication shall be at least thirty (30) days prior to the date of election. If a majority of the qualified electors voting at said election vote in favor of such dissolution, the commission shall, by resolution entered upon its minutes, declare the authority dissolved. A certified copy of said resolution shall be filed with the recorders and assessors of the counties and city and counties within or partially within the district, with the Secretary of State and with the State Board of Equalization. Upon adoption of said resolution, the authority shall be dissolved.

The commission, if dissolution is voted, shall wind up the affairs of the authority and pay all indebtedness thereof, and any moneys remaining thereafter shall be paid over to the cities and the counties in which the district lies, in proportion to the assessed valuation of taxable property in each of said cities and in the unincorporated area of the counties included in the district, as shown by the assessment rolls of the counties and city and counties last equalized at the date of such dissolution.

Section 58. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, or the application of such provision to other persons or circumstances, shall not be affected thereby.
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